



Department of Health and Human Services, Office of Consumer Information and Insurance Oversight

The Board of Directors of the Colorado Health Benefit Exchange (COHBE) is pleased to present this application for a cooperative agreement to support establishment of a State-operated health insurance Exchange (Level One) in conformance with Funding Opportunity Number IE-HBE-11-004 (CFDA: 93:525).

Project title: ***Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges Consistent with SB11-200***

Applicant name: ***The Board of Directors of the Colorado Health Benefit Exchange***

The principal investigator / project director is:

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Cellular:

Thank you for this opportunity. We look forward to working with the U.S. Department of Health and Human Services in creating a successful health insurance Exchange.

Sincerely,

Patty Fontneau
Executive Director, COHBE

Gretchen Hammer
Chair, COHBE Board of Directors

B. PROJECT NARRATIVE

Colorado seeks to create a health benefit exchange based on the principles of access, choice, affordability, competition, shared responsibility and quality. Colorado's vision for a health insurance exchange started before federal health care reform. The Blue Ribbon Commission for Health Care Reform (also known as the 208 Commission, after its enabling legislation, SB 06-208) was created by the Colorado legislature in 2006. The Commission was charged with studying and establishing health care reform models to expand health care coverage and to decrease health care costs for Colorado residents. The Commission was authorized to examine options for expanding affordable health coverage for all Colorado residents in both the public and private sector markets, with special attention given to the uninsured, underinsured, and those at risk of financial hardship due to medical expenses.

One of the recommendations from this Blue Ribbon Commission for Health Care Reform was to create a "Connector" to assist individuals and small employers to understand and choose among insurance options. In 2011 the Colorado Legislature passed SB11-200 to create the Colorado Health Benefit Exchange as that "Connector" for the State. The intent of the Colorado Health Benefit Exchange (Exchange) is designed to be a Colorado specific solution to address access, affordability, and choice for individuals and small employers purchasing health insurance in Colorado.

Colorado Health Benefit Exchange Level One Grant Objectives

Refine the vision and goals for the Colorado Health Benefit Exchange consistent with SB11-200;

Secure staff, consultant and expert resources, and actively engage stakeholders, to inform and support Exchange planning and operation activities;

Develop a three-year business and operational plan outlining the key activities, timelines, and benchmarks including information technology (IT) infrastructure and functionality, necessary to fully operate in 2014;

Identify and begin to establish the systems and program capacity in core areas, such as IT development, to secure certification of the Colorado Health Benefit Exchange by January 1, 2013; and,

Prepare and submit additional Exchange grant applications in 2012 to support full implementation and operation of a Colorado Exchange by January of 2014.

Evaluate alternative mechanisms to be self-sustaining by 2015.

B.1. Background

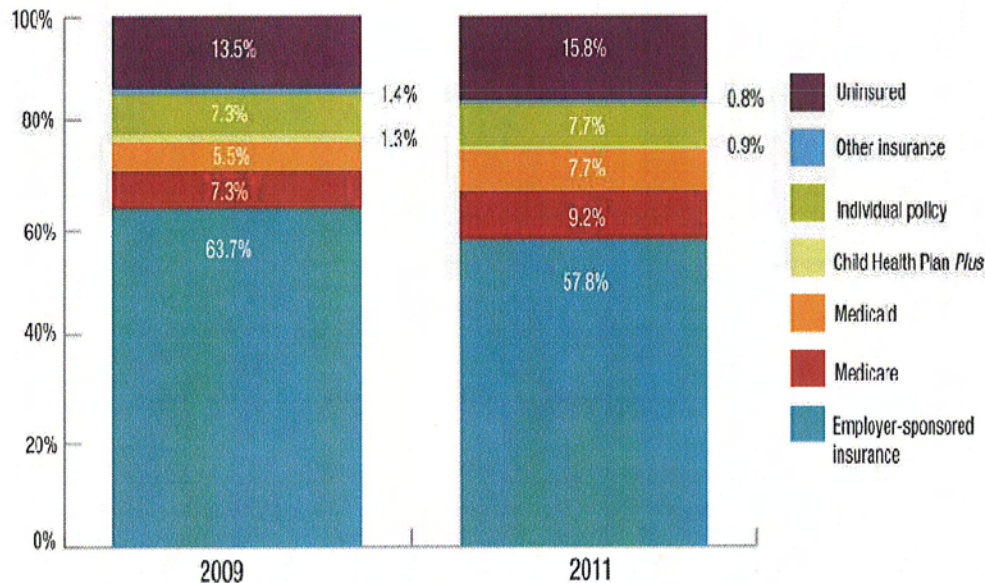
Demonstration of Past Progress

Colorado utilized existing background research and conducted additional background research on the current insurance marketplace as well as the State's uninsured and underinsured populations. This work was conducted through a contract with Jonathan Gruber/Wakely Consulting. Jonathan Gruber/Wakely Consulting designed and conducted an analysis of the current market, including information from the Colorado Division of Insurance and modeling of the impact exchanges will have on the market. The consultants projected that, by 2016, at least 540,000 individuals and small business owners and employees will obtain health insurance using tax credits through the Exchange. An additional, 420,000 could use the Exchange to shop for and purchase coverage, without tax credit assistance.

Another study was the 2010 Colorado Small Group Market Activity and Rating Flexibility Report produced by the Division of Insurance, the small group market covered 267,411 Coloradans. Ten small group carriers covered 99.7% of all small group employees with health insurance. 26% of the market is comprised of Health Savings Accounts.

Additionally, the data from the 2011 Colorado Health Access Survey, a telephone survey of 10,000 randomly selected households estimates that 57.8% of Coloradans have employer sponsored health insurance, 17.8% have public health insurance, 7.7% are covered by individual policies and 15.8% or 829,000 Coloradans are uninsured. The highest concentration of the uninsured is in Western Colorado.

Graph 1. Health Insurance Coverage in Colorado



Proposal to Meet Program Requirements Consistent with SB11-200

All planned background research was completed during the planning grant project period. Additional research may be required to support legal analysis, program design, system sizing or other elements. Also, additional research of the current individual and small group health insurance market, plan designs, benefit packages, and currently purchased plans may be required. Finally, research on the unique needs of rural Coloradans as they pertain to access, affordability and choice in purchasing health insurance may also be required; 73% of Colorado's 64 counties are frontier (23 counties) or rural (24 counties).

The Small Employer Work Group established under the planning grant along with the help of several business chamber groups, will continue to survey small employers on behalf of the Exchange to determine what specific administrative functions small employers would find helpful to relieve some of the administrative burden in providing insurance. Further, the Exchange is partnering with several organizations to conduct focus groups with potential small business and individual customers, testing a branding plan, developing messages about insurance, and getting a better sense of how potential customers will want to receive information.

Any new background research that becomes available during the Level One grant period will be incorporated into the decision-making process and design activities.

B.2. Stakeholder Involvement

Demonstration of Past Progress

Stakeholders have been engaged throughout the Exchange development process. Formal involvement included a series of ten Insurance Exchange forums conducted between July and December of 2010. Six of these sessions were conducted in the Denver metropolitan area with the remainder taking place around the State (including Alamosa, Grand Junction, Colorado Springs and Greeley). Notes from all meetings are available on the State's website (www.Colorado.gov/healthreform). The culmination of this early outreach was a document entitled "Stakeholder Perspectives: Health Insurance Exchange Governance and Structure." The participants included AARP, Aetna, Colorado Association of Commerce and Industry, Colorado Association of Health Plans, Colorado Coalition for the Medically Underserved, Colorado Group Insurance Association, Colorado Medical Society, Colorado Nonprofit Association, Denver Health and Hospital Authority, Denver Metro Chamber of Commerce, Health Advocates Alliance, Health Care for All Colorado, Kaiser Permanente, National Association of Health Underwriters, Rocky Mountain Health Plans, Colorado Health Foundation, UnitedHealth Group, and WellPoint. Each of these entities submitted specific comments on one or more of the issues facing the Health Reform Implementation Board (for more information about the Health Reform Implementation Board, see the Governance Core Area discussion below.)

Immediately after Exchange planning began in late January of 2011, several work groups were formed to engage stakeholders as well as to tap into the talent and expertise in planning efforts and operational issues for the Exchange. The work groups that were formed during the planning grant included: The Data Advisory Work Group, The Small Employer Work Group, Eligibility, Verification and Enrollment Workgroup, and Marketing, Education and Outreach Work Group. All agendas and minutes of work groups are available to the public on the Exchange website. Work groups serve at the pleasure of the Board and the Board may decide to continue, discontinue or add work groups as needed.

In early 2011, senior officials from the Colorado Governor's office, including Lt. Governor Joe Garcia, met with tribal officials to brief them on the progress and operation of an exchange, health implementation activities in Colorado, and opportunities to engage in planning. Exchange planning staff members have followed up by contacting leaders of the two tribes, inviting them to local town hall meetings and offering to conduct specific meetings at tribal headquarters. Outreach and engagement of the federally recognized Tribes will be addressed through a policy determination by the Executive Director, consistent with proposed rules and requirements.

All meetings of the Board of Directors are open public meetings as required by SB11-200. Averages of nearly 50 stakeholders attend the board meetings in person or over the phone and many stakeholders participate in board committee meetings.

Proposal to Meet Program Requirements Consistent with SB11-200

The engagement of stakeholders will continue through 2011 and into 2012 via stakeholder membership in the key work groups as well as continuing community outreach by Exchange Board and staff. Community outreach is described in greater detail in Core Area #11. A formal outreach plan is currently in development. It will provide additional speakers and focus group materials to ensure that every businesses, individual, stakeholder and stakeholder organization has multiple means of expressing views and concerns regarding the Exchange. In November 2011, the Colorado Health Benefit Exchange launched an informational website, www.GetCoveredCO.org, which allows stakeholders to learn more about, follow and get involved in the work to develop the Exchange in Colorado.

The Ute Mountain Ute Tribe and Southern Ute Tribe are the principal tribal entities in Colorado. Exchange officers have reached out to the leadership of both tribes during the planning period. A more formal arrangement for tribal input into the Exchange design will be formulated in the coming months and is expected to be in place before the award of the Level One grant. Additionally, each tribe will be asked to designate a point of contact, and the offer to meet at tribal facilities will be renewed.

The Lieutenant Governor serves in the statutory role as chair of the Colorado Commission of Indian Affairs. Since its inception, the Commission has worked with the two Ute Indian Tribes and the off-reservation American Indian people who live in Colorado. The Communications and Outreach staff for the Exchange will work with Colorado Commission on Indian Affairs and the Lieutenant Governor's office to create the appropriate stakeholder relationship with the Tribes.

B.3. State Legislative/Regulatory Actions

Demonstration of Past Progress

In 2006, the Colorado General Assembly created the "Blue Ribbon Commission for Health Care Reform." In 2008, the "Final Report of the Blue Ribbon Commission for Health Care Reform" recommended, among other things, that the State, "Assist individuals and small businesses and their employees in offering and enrolling in health coverage through the creation of a 'Connector.'" Such a 'connector' would "offer a choice of benefit package with easily comparable price and quality information, certify health plans, and facilitate employer and employee contributions."

In May of 2011, the Colorado General Assembly adopted Senate Bill 11-200 captioned "Concerning a Colorado Health Benefit Exchange, and, in connection therewith, creating a

process for the Implementation of a Health Benefit Exchange in Colorado.” This bipartisan bill creates the Colorado Health Benefit Exchange as a nonprofit unincorporated public entity. SB11-200 also establishes the governance structure (addressed in section B.1.d below) as well as various forms of accountability, notably the creation of a joint committee of the General Assembly entitled “Legislative Health Benefit Exchange Implementation Review Committee.” The bill also provides for the qualifications and appointment to the Board of the Exchange as well as that of the Review Committee. (For more information on the qualifications of board members or the legislative committee, see the Governance Core Area discussion below.)

Proposal to Meet Program Requirements Consistent with SB11-200

While key legislation needed for the Exchange was adopted in the 2011 sessions of the Colorado General Assembly, the Board may determine that additional legislative changes are needed to implement policies and procedures in the Exchange. Legislation will be coordinated with and sponsored by the Legislative Health Benefit Exchange Implementation Review Committee.

B.4. Governance

Demonstration of Past Progress

Governance: Senate Bill 11-200, adopted by the Colorado General Assembly and signed by Governor Hickenlooper in May of 2011, established a statewide Exchange as a nonprofit, unincorporated, quasi-public entity, identified the qualifications and appointing authorities for the Board of the Exchange (Board), and provided the Board with the authority to create and oversee all aspects of the Exchange creation and operation that are pertinent to its governance role under SB11-200.

The Board consists of nine voting members, five of who are appointed by the Governor with the remaining members appointed by the majority and minority leaders of each house of the General Assembly. Appointments for five members are for four years with four members having 2-year terms.

Individual board members are each expected to have expertise in at least one but ideally two or more of the following areas:

- a. Individual health insurance coverage;
- b. Small business health insurance coverage;
- c. Health benefits administration;
- d. Health care finance;
- e. Administration of a public or private health care delivery system;
- f. The provision of health care services;
- g. The purchase of health insurance coverage;
- h. Health care consumer navigation or assistance;
- i. Health care economics or health care actuarial sciences;
- j. Information technology; or
- k. Starting a small business with 50 or fewer employees

Additionally, there are three non-voting ex-officio members: the Executive Director of the Department of Health Care Policy and Financing (or his or her designee), the Commissioner of

Insurance (or his or her designee), and the Director of the Office of Economic Development and International Trade (or his or her designee). These three State government agencies are primary actors in the provision of public insurance, economic development and insurance policy. The Board is responsible for appointing the Executive Director of the Exchange with the approval by the Legislative Health Benefit Implementation Review Committee.

The Board of Directors of the Colorado Health Benefit Exchange conducted its first meeting on July 11, 2011. There have been semi-monthly meetings scheduled through the end of 2011. The dates, times, locations, agendas, working materials and products can be found at www.GetCoveredCO.org. In October, 2011 the Board adopted Articles of Governance and in November, 2011 the Board elected Officers. In addition, the Board has six committees – Governance, Personnel, Finance, Grant Review, Rules and Regulation Review and Technology and Implementation.

Accountability to the General Assembly: To ensure accountability to the public and to public officials, SB11-200 establishes a joint Legislative Health Benefit Exchange Implementation Review Committee. The Committee may report up to five bills related to the needs of the Exchange. The Committee shall review and approve grants, the initial operational and financial plan of the Exchange, and the selection of the Executive Director put forward by the Board of Directors. The legislative review committee is a partner in the effort to create a Colorado exchange. The committee has met several times since the legislation passed. The legislative review committee submitted comments to Centers for Medicare and Medicaid Services, Department of Human Services to ask for flexibility in creating an exchange that will work for Colorado.

Technically Competent Leadership: On December 12, 2011 Patty Fontneau was hired as the Executive Director of the Exchange. It is the responsibility of the Executive Director to fill the remaining technical and executive positions.

Ms. Fontneau most recently served as Chief Operating Officer at Holme Roberts & Owen LLP, an international law firm. She previously served as Chief Administrative Officer for The IMA Financial Group Inc. and as Vice President and General Manager of the Western Service Center of TIAA-CREF, managing the operation of a 1,300-employee office in Denver. Patty serves on the boards of CollegenInvest, the Auraria Foundation, the Downtown Denver Partnership and other organizations. She won the 2007 Outstanding Women in Business Award (banking and finance category) from the Denver Business Journal, the Leadership Award from the Alumni Association of the University of Colorado at Denver Business School, and the 2003 Athena award from the Colorado Women's Chamber of Commerce, among other honors. Patty holds a bachelor degree in Business Administration from the State University of New York and an MBA in Finance from New York University. She is a Certified Employee Benefits Specialist and a Chartered Retirement Planning Counselor.

Accountability and Transparency: In addition to the provisions of SB11-200 that include conflict of interest and open meeting and record requirements, the requirements for accountability and transparency are addressed through a public informational website and posting of key reports and minutes on that site. Additionally, all work group meetings and board meetings are posted in advance and are open to the public.

Proposal to Meet Program Requirements Consistent with SB11-200

In addition to the actions completed during the planning period, the Board of Directors will continue to meet at least monthly throughout the project period and in collaboration with the Legislative Health Benefit Exchange Implementation Review Committee, will oversee the implementation of the Level One grant as well as any future applications. This oversight will include:

- a. Adoption of Financial and Operational Plan
- b. Ongoing oversight of planning and implementation activities
- c. Financial oversight and management
- d. Development of sustainability measures

During the Level One Exchange Establishment Grant project period, the Executive Director of the Exchange will retain employees and/or contractors to put into place the necessary operating and control systems to ensure that the all goals and objectives for the Level One Exchange Establishment Grant are carried out on time and within budget.

The Legislative Health Benefit Exchange Implementation Review Committee conducted its first meeting on August 1, 2011 and a second meeting on August 31, 2011. Two more are scheduled for December 7 and December 15, 2011. The legislative review committee agendas and minutes are available at

<http://www.colorado.gov/cs/Satellite?c=Page&childpagename=CGALegislativeCouncil%2FCLCLayout&cid=1251592039047&pagenam=CLCWrapper>. The legislative review committee did submit official comments to HHS on proposed exchange rules to ask for maximum flexibility in the creation of a Colorado exchange.

B.5. Program Integration

Demonstration of Past Progress

The Executive Director of the Department of Health Care Policy and Financing (or his or her designee), the Commissioner of Insurance (or his or her designee), and the Director of the Office of Economic Development and International Trade (or his or her designee) are non-voting ex-officio members of the Colorado Health Benefit Exchange Board of Directors. Leadership and staff from these three agencies have been actively involved in Exchange planning activities to ensure that programs share information and functions are not duplicated.

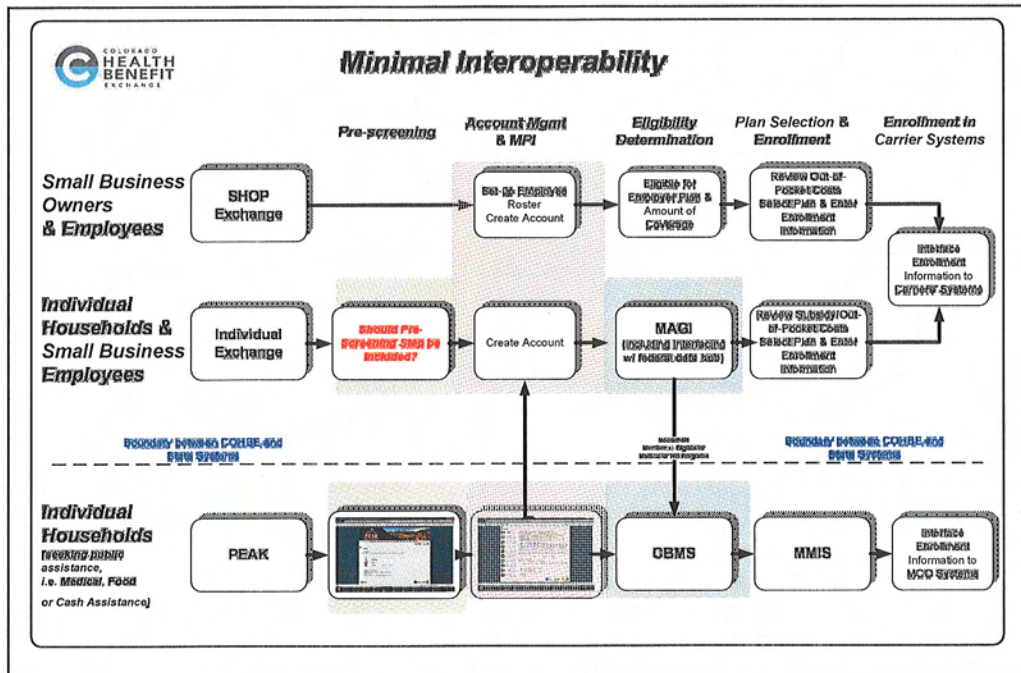
Proposal to Meet Program Requirements Consistent with SB11-200

Program compatibility is a necessary element in successful Exchange implementation. During the Level One grant period Colorado will develop Memorandum of Understanding (MOU) between the appropriate entities that will delineate the specific functions, roles and duties for the establishment of the Exchange. Through a grant from the Robert Wood Johnson Foundation, Colorado has access to consultants to develop templates for MOU needed for the Exchange.

Coordination with Medicaid, CHIP and Other HHS Programs: Ongoing collaboration between the Exchange and the Department of Health Care Policy Financing and the Office of Information Technology (OIT) will ensure that the Exchange is developed and operated in a compatible fashion. In addition, the Exchange will continue to look at work products from the

Early Innovator states in developing its interfaces.

During the Level One grant period, the Exchange will work with impacted agencies to document current business processes, develop a baseline assessment of existing coverage programs, and through the business and operational planning process identify and address the implications of the existing programs for IT system design. The Exchange will continue to work with key stakeholders during the Level One grant period to discuss and evaluate options for coordinating eligibility systems.



Coordination with the Colorado Division of Insurance (DOI): SB11-200 requires the Exchange to not duplicate the functions of the Division of Insurance. It will be important to assess which functions should lie with the Division of Insurance, the Exchange, or another entity. In general, those aspects of the Exchange regarding complaints from covered members regarding delays or denial of claims will continue to be the responsibility of DOI. The DOI will also develop the overall competitive basis of the market within and outside the Exchange, focusing on adverse selection and risk leveling. Similarly, the Exchange will collaborate with DOI in the development of the system for reviewing and approving qualified health insurance plans which meet the requirements of the grant guidance and the State's own needs. It will be important to compare the Essential Benefits offered in the Exchange with those existing benefits in State in the small and individual market. The DOI and the Exchange need to minimize the impact of adverse selection to achieve Exchange success.

B.6. Exchange IT Systems

Demonstration of Past Progress

During the planning grant period, Colorado made material progress in four key IT areas: (a) requirements analysis, (b) gap analysis, (c) collaboration, and (d) project planning.

Requirements Analysis: Colorado continues its on-going analysis of key documents, including but not limited to:

- Relevant portions of the grant directives;
- Exchange Business Architecture Supplements ("Blueprints");
- Center for Medicare and Medicaid Services (CMS), "Final Rule on Federal Funding for Medicaid Eligibility Determination and Enrollment Activities" and the supporting guidance: "Enhanced Funding Requirements: Seven Conditions and Standards;" and
- Notices of Proposed Rule Making.

The State's objective is to develop a specification that is adequate to support effective business process modeling and successful acquisition of vendor services to construct the necessary Exchange IT support in accordance with the timelines as outlined in this Level One grant application.

Gap Analysis: Colorado's gap analysis was done in 2010 and 2011 as part of an overall Enrollment Strategic Assessment (ESA) that looked at how Colorado has enrolled individuals into the Medicaid and CHP program from an IT system, policy, and practice perspective. The ESA focused primarily on eligibility and enrollment functions, with detailed information gathering and analysis of the several existing systems that support eligibility and enrollment in public programs. More detail on the State's IT gap analysis is included below in the "Summary of Exchange IT Gap Analysis" section. (The full gap analysis can be found at http://www.cchn.org/ckf/pdf/ESA_Report_June_2011.pdf.)

Collaboration: Colorado is a participant, along with several other states, in the Enrollment User Experience 2014 project, a public-private partnership working to deliver design specifications to support a best-in-class user experience. Eight national and state foundations have formed a public-private partnership with the CMS to sponsor this project. The intended clients are state-based Exchanges.

Proposal to Meet Program Requirements Consistent with SB11-200

Colorado anticipates that the Level One Exchange Establishment grant funding requested in this application will support the State in moving to the next level of planning, development, and implementation for the Colorado Health Benefit Exchange. Colorado plans to use Level One funding to begin the process of improving Colorado's IT infrastructure and in preparing the Exchange to begin developing web services to provide the necessary interfaces. The Exchange will also perform a more detailed IT gap analysis which can serve as a basis for contracting with vendors that will offer the best solution and value to the State in creating its Exchange.

During the Level One grant period, Colorado will also begin developing core staff capacity to support development and implementation of robust Exchange operations. With an eye towards long-term sustainability for the Colorado Health Benefit Exchange, this application

proposes to supplement Exchange staff with a complement of time-limited and issue-focused consultants and experts to research, analyze and make recommendations to the Exchange Board in critical core areas.

Early in the grant period, one of the main consultant-supported activities will be development of a detailed and comprehensive business and operational plan. Later, the State will move to initial implementation in those areas with longer lead times, such as IT capacity and infrastructure development. The State will also proceed with work on other core areas with time sensitivity identified through the business and operational planning process. This is intended to ensure that the State can reach the necessary milestones and launch a successful Exchange.

Colorado will continue to develop planning parameters and analysis to guide implementation of Colorado-specific solutions as required by SB11-200, including:

- Estimating the number of individuals eligible to participate in the Exchange and rates of coverage
- Determining coverage uptake for eligible businesses
- Assessing the key drivers of coverage uptake including the cost of coverage by income level; plan design; individual subsidies and penalties; dependent coverage; incentives/disincentives of reform on small businesses, including affordability of coverage
- Assessing individual and small group market conditions, including competition by carriers, rating laws, other regulatory and legal concerns
- Measuring major stakeholder impact in terms of coverage, cost, and payment
- Determining the Exchange fiscal impact on the economy and for state agencies
- Assessing the financial impact of adverse selection
- Assessing the impact of merging small and individual markets in the Exchange

Colorado Health Benefit Exchange Level One Grant Objectives

Refine the vision and goals for the Colorado Health Benefit Exchange consistent with SB11-200;

Secure staff, consultant and expert resources, and actively engage stakeholders, to inform and support Exchange planning and operation activities;

Develop a three-year business and operational plan outlining the key activities, timelines, and benchmarks including information technology (IT) infrastructure and functionality, necessary to fully operate in 2014;

Identify and begin to establish the systems and program capacity in core areas, such as IT development, to secure federal certification of the Colorado Health Benefit Exchange by January 1, 2013; and,

Prepare and submit additional Exchange grant applications in 2012 to support full implementation and operation of the Exchange by January of 2014.

Evaluate alternative funding mechanisms to be self-sustaining by 2015.

Business and Operational Planning: The Level One Establishment Grant will allow the Exchange to develop a three-year, business and operational plan for Exchange programs and functionality. The business and operational plan will set the course for program development, establish the path and timeline leading to full operation, and deal with the

operational elements of Core Area #11 in the Level One grant application. The business and operational plan will include, at a minimum:

- Analysis of design and reporting requirements across all Exchange activities, processes and structures
- Specific operational systems and strategies, including IT systems and support, to implement an Exchange in compliance with grant and IT requirements
- Timeline and process to demonstrate Exchange functionality by core area for purposes of HHS certification of the exchange design by 1/1/13 and to ensure full implementation of Exchange operations by 1/1/14

Please see the Table below for a list of Business and Operational Plan Components.

Colorado Exchange: Business and Operational Plan Components	
Eligibility and Enrollment Systems	<ul style="list-style-type: none"> • Eligibility screening and eligibility determination • Development of Eligibility Rules to be used in a Rules Engine • Use of real-time automated third party data sources for the verification of eligibility for using the Exchange • Administration of eligibility appeals related to the Exchange • Enrollment and disenrollment into health plans, including the function associated with helping individuals and their families choose the right plans • Call center and web site eligibility and enrollment functions • Compatibility of the Exchange with the IT system and processes that are used to determine eligibility of individuals and families • Small Business Health Options Program (SHOP) functionality for enrollment
Other Exchange Functionality	<ul style="list-style-type: none"> • Call center consumer assistance functions • Website functionality for benefit and cost comparison, cost calculator, complaints, benefit and coverage appeals and consumer assistance • Adjudication of appeals • Administration of tax credits • Reporting and notifications • SHOP functionality contingent on design

An overarching goal of the business and operational plan will be to identify and refine the steps necessary to reach a high level of consumer satisfaction.

Exchange IT Systems: IT system assessment, design and development will be a major component activity during the Level One grant period. Colorado’s approach to develop the necessary IT support for establishing a Colorado-operated Exchange, as reflected throughout this Level One grant, uses the following timeline framework:

- Most Exchange functionality must be operational by the third quarter of calendar 2013, therefore, most system development must begin in early 2012
- Colorado lacks the resources to undertake system development efforts of this magnitude using State or Exchange staff, therefore the services of contractors will be required

- Acquisition of contractor resources must take place in the first quarter of Calendar Year 2012

Given the foregoing, the immediate IT challenge before Colorado is to support development of an Exchange business and operational plan that will permit creation of the business requirements and architectural and integration framework. These elements will inform the development of an IT approach, an acquisition strategy and one or more vendor acquisition processes.

In this phase, major activities include:

- Development of the business and operational plan
- Complete a solutions option matrix, analyze those options, select a strategy in consultation with stakeholders, and begin to execute
- Consultation with stakeholders – in particular employers, consumers, state agencies, and health insurers
- Evaluation of the possibilities for using components developed by Early Innovators, and other states; opportunities are expected to extend beyond software components to include analysis and design work products, acquisition strategies and documents, and lessons learned
- Evaluation of products and services available from private sector vendors and other states
- Evaluation, informed by business decision criteria, and selection of a business/operational approach and supporting IT strategy for Colorado

This will allow Colorado to begin to formulate answers to technical questions critical for additional grant funding needs in 2012. Based upon this work, the next phase of Level One activity will be the acquisition of the necessary services to implement IT support for the Exchange business operations. This would include:

Developing an acquisition strategy to implement the selected approach described above. This could include acquisition of services to develop new or adapt existing software, build out components designed in an Early Innovator environment, purchase of COTS components, purchase turn-key services or hybrid approaches.

Conducting one or more expedited acquisitions for various types of services, the exact nature of which could vary widely, as noted above, depending upon the results of the first phase (analysis). Acquisition would include development of solicitation documents, solicitation of proposals, evaluation and selection, and contract negotiations and execution. State and Federal approval processes would be conducted at the appropriate points in the process. It will be critical that all parties employ expedited review and approval processes.

Issuing, to the extent applicable, change order specifications for existing State systems based upon the selected approach to compatibility and the roles and responsibilities identified for each entity under the Exchange business and operational plan. State programs requiring changes will pursue separate funds to make those changes.

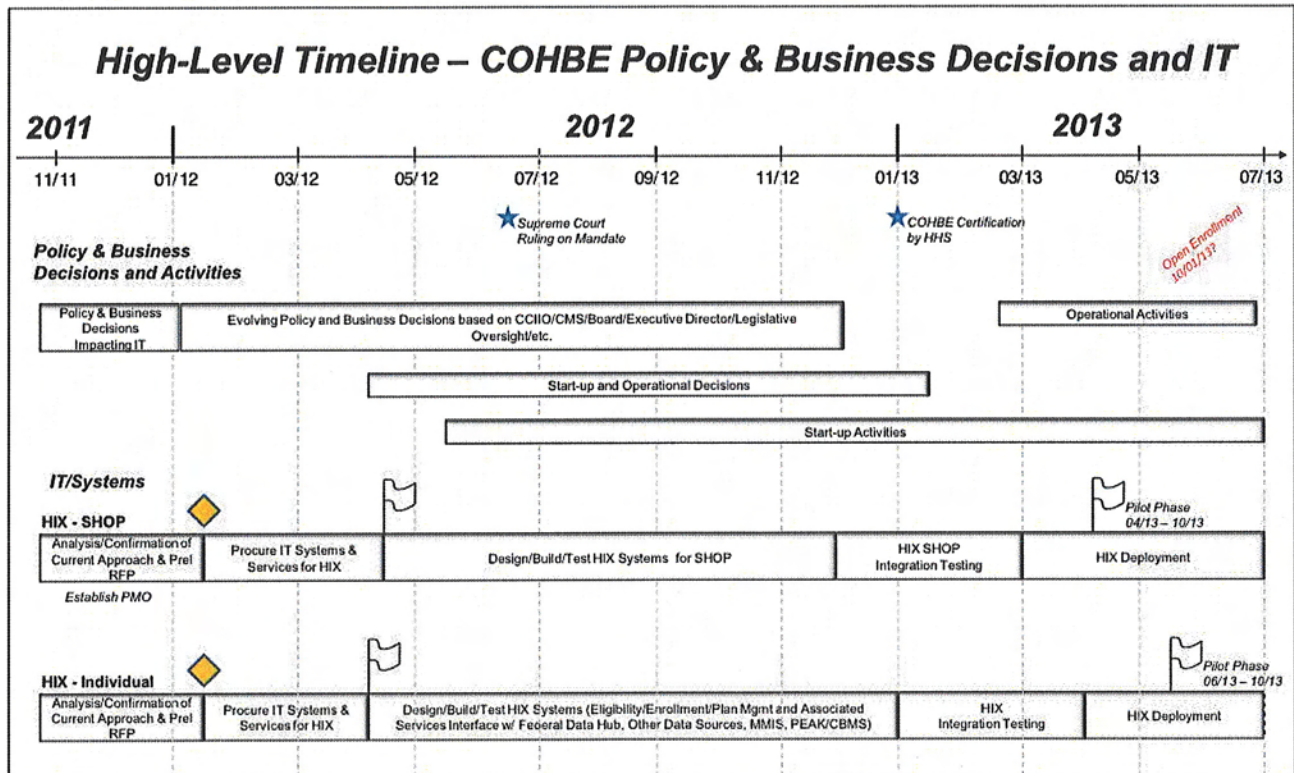
The Board has created an IT and Implementation Subcommittee that will work with the staff and consultants to:

- Provide guidance and early input to the Board regarding strategic decisions such as IT investments, acquisition of services and procurement strategy

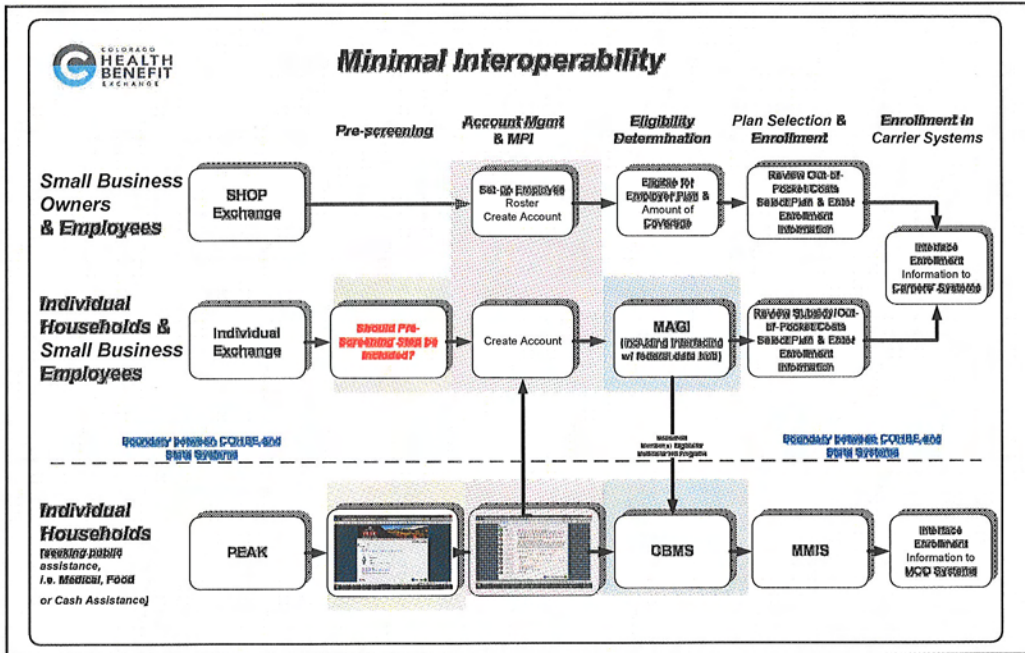
- Make recommendations to ensure procurements will be structured to be competitive, fair and transparent
- Ensure that there be no real or apparent conflicts of interest in procurement activities and operational decisions

One of the first charges will be to develop a matrix and review the alternative models at a minimum against short and long term cost and sustainability, schedule and cost risk, consumer experience, reliability, simplicity, privacy and security, and stakeholder acceptability.

The anticipated timeline for these decisions follows – subject to approval by the Board:



Staff has been asked by the Board to pursue the technology solutions that will deliver the minimum requirements of interoperability to ensure that we can meet certification criteria and to continue to evaluate higher levels of interoperability that make sense for the state. The diagram below represents that.



Summary of Exchange Initial IT Gap Analysis: Significant IT gaps were identified in the state’s current eligibility and fiscal transaction systems. The current systems, Program Eligibility and Application Kit (PEAK), Medicaid Management Information System (MMIS) and Colorado Benefit Management Systems (CBMS), were developed independently and at different times. Their design vary, due largely to the different time periods during which they were conceived, designed and developed. While Colorado has some functionality, the State will definitely need to build, borrow (and customize), rent or buy components of an Exchange that will meet the Exchange’s needs and standards.

A gap analysis was done of current systems, and the strategic assessment found that the systems in Colorado have the following characteristics:

- Clients are not getting sufficient support
- Existing Federal requirements are not being met
- Applications are not being processed effectively
- Client noticing and reporting is poor
- Are built in operational silos
- Have a high cost per transaction
- Are steeped in a legacy architecture that is difficult to change and maintain
- Have inadequate reporting and business intelligence functionality

Applicable Standards: The COHBE is committed to using the Health Insurance Portability and Accountability Act (HIPAA) adopted transaction standards (e.g., ASC X12N 834, ASC X12N 270, ASC X12N 271) to facilitate transfer of consumer eligibility, enrollment, and disenrollment information between Medicaid, CHIP, and private health plans. Adherence to the National Information Exchange Model (NIEM) framework will enable enterprise-wide information exchange standards and processes to enable automation and real-time sharing in health information for better customer service and more efficient operations. The timing of this project and the evolution of NIEM make it practical to specify NIEM requirements in the solution

acquisition. All inbound and outbound interfaces shall comply with NIEM, National Institute of Standards and Technology (NIST), HIPAA-compliant standards, and other standards.

Evaluation of IT Progress: Evaluation of IT progress during the Level One grant period will focus on completion of approved project deliverables in accordance with the approved schedule. The major milestones will be the IT strategy supporting the Exchange business/operational plan, and the solicitation documents setting forth the “system development lifecycle” (SDLC) and applicable service level agreements for Exchange IT development and ongoing operations. Critical to this approach is the formal identification of the stakeholders that must approve each deliverable leading up to the beginning of the *third phase*, commencement of the detailed “design, development and implementation” (DD&I) of Exchange IT systems by vendor staff. To support successful DD&I, the building blocks of effective evaluation must be put in place during the planning phase, included in vendor(s) contractual scope of work, and implemented by the Exchange Project Management Office staff and supporting consultants.

These building blocks include:

- **SDLC.** Adherence to a formal System Development Lifecycle (SDLC) methodology. The methodology will be informed by Federal IT methodology standards, as well as State standards set forth by Colorado’s Office of Information Technology’s (OIT) Chief Information Officer.
- **Deliverables.** Formal SDLC methodologies include the production of specific deliverables for each phase aimed at permitting the Exchange to assess progress toward achieving the IT goals. We routinely require such deliverables at regular intervals in large projects, so that large expenditures of time, human or financial resources do not occur without regular assessments of progress and quality.
- **Deliverable Baselines.** Measurement baselines for deliverables will be established by “Deliverable Expectation Documents.” The baseline documents are themselves contractually required deliverables. This approach has been applied successfully on many Colorado IT projects and definitively establishes a baseline against which each DD&I deliverable may be evaluated.
- **Requirements Traceability and Independent Verification and Validation (IV&V).** An additional evaluation component during the DD&I phase, anticipated to be appropriate for a project of this magnitude, will be independent V&V, conducted in accordance with IEEE standards and based upon a rigorous program of requirements traceability initiated at the beginning of the DD&I phase.
- **Service Level Agreements governing ongoing operations.** Whatever the configuration of the ongoing roles and responsibilities for Exchange operations, all participants will be subject to documented service level agreements (SLAs). SLAs will be developed for the key indicators of Exchange ongoing operational performance and will include specific definitions of the measurement methodologies to be implemented and measures to be reported for ongoing evaluation of Exchange IT performance.

B.7. Financial Management

Demonstration of Past Progress

Financial Management Structure: Oversight of the financial management structure for the current planning grant rests with the Governor's Office. In the Governor's Office, each invoice is reviewed in order by (a) an executive responsible for administration of the grant who reviews the expenditures at the policy level; (b) an account specialist who ensures adequate documentation; and (c) the Controller who confirms all documentation and approvals before payment is made. The Governor's Office complies with State Fiscal Rules, which are in alignment with Generally Accepted Accounting Principles.

Accounting System: The Governor's Office maintains the accounts for the planning grant in Colorado Financial Reporting System (COFRS), the State's accounting system, which is subject to audit by the State Auditor (an agency independent of the executive branch). The role that the Colorado Health Institute (CHI) plays is performed by the CHI Operations Officer. That officer uses QuickBooks for the grant as a project under the CHI chart of accounts. That office played the same third party administrator role for the Colorado Regional Health Information Organization (COHRIO). Both systems utilize Generally Accepted Accounting Principles.

Compliance with State and Federal Regulations with Respect to Exchange Administration: The Governor's Office is responsible for complying with all State and Federal grant regulations for all funds under their control, including both State and Federal resources. Further, Federal grants are subject to direct audit or via the Federal "single audit." In this planning phase the Board has applied for a Federal Identification number, established a bank account and created a Finance committee.

Proposal to Meet Program Requirements Consistent with SB11-200

Financial Management Structure: The Exchange will serve as the applicant for the Level One grant. The Board, Executive Director, and Chief Financial officer (CFO) will assume fiduciary duties and responsibility for the implementation of the required financial management structure, including but not limited to accounting, auditing, billing, banking, procurement and risk management. The Executive Director and CFO will fully develop the internal financial management and fiscal controls through the Level One grant period. In addition, the funds received by the Exchange are subject to the review of the Legislative Audit Committee, per SB11-200.

B.8. Oversight and Program Integrity

Demonstration of Past Progress

Program Integrity: To a degree, the issue of program integrity has been addressed in the financial management core area – at least with respect to financial oversight, audit and related matters. However, there are larger areas of concern as the Exchange build out commences during the Level One grant period.

Currently, the Office of the Governor of the State of Colorado, including that office's Controller, performs grant oversight. The State has numerous Federal grants and experiences periodic compliance reviews and audits by the State Auditor as well as occasional Federal audits. The Governor's Office may also request the assistance of the State Auditor if specific measures are required during the planning period. However, the issues of waste, fraud and abuse become more significant once the Exchange build-out begins.

Proposal to Meet Program Requirements Consistent with SB11-200

Program Integrity: The principal responsibility for program integrity lies with the Executive Director. That responsibility is supported by corresponding responsibilities of the CFO and contracted accounting and audit consultants. The Board also assumes responsibility in the financial oversight responsibilities for the Exchange. Further, the Joint State Legislative Committee, created under SB11-200 to support the role of the Exchange, will have significant oversight opportunities to ensure that the program conforms to the enabling State legislation and current and future Federal grant requirements.

Prevention of Waste, Fraud and Abuse: The first line of defense for prevention of waste, fraud and abuse will be the Chief Financial Officer. The Executive Director will brief the Board on measures being taken to ensure proper oversight of all levels of operations. Assisting the Executive Director will be a consultant advising the Exchange on prevention of waste, fraud and abuse. Provisions for preventing fraud, waste and abuse by clients or other entities doing business for or within the Exchange will be part of the system design work during the Level One grant.

Compliance with Federal and State Requirements Including Annual Audits: The Colorado Exchange will conform to all regulations and guidance documents regarding annual external audits. The State Auditor has the authority to impose an external audit as he/she deems necessary. The Exchange also anticipates engaging an external financial audit firm to evaluate the Exchange's internal control system, accounting system, and compliance with State and Federal grant requirements.

B.9. Health Insurance Market Reforms

Demonstration of Past Progress

While these are changes made in the insurance marketplace, many are not related to SB11-200 or the creation of A Colorado Health Benefit Exchange. What follows is a report of activities over the last 19 months:

Statutory Reform: In 2011, SB 11-128 was enacted to require individual market carriers to guarantee issue child-only policies without medical underwriting during two open enrollment periods each year.

Regulatory Reform: To respond to the requirements of the grant guidance and subsequent regulations, the Division of Insurance has issued bulletins:
Bulletin 4.34 on September 23, 2010 on “Immediate Market Reforms Involving the Federal Patient Protection and Affordable Care Act”
Bulletin 4.35 on “Submitting Rate & Form Filings Involving the Patient Protection and Affordable Care Act”
Bulletin 4.38 on “Additional Guidance on Child-Only Plans”

Several regulations were amended including:

Regulation 4-6-5 “Concerning Small Employer Group Health Benefit Plans and the Basic and Standard Health Benefit Plans”
Regulation 4-2-11 “Rate Filing and Annual Report Submissions Health Insurance”
Regulation 4-2-21 “External Review of Benefit Denials of Health Coverage Plans”
Regulation 4-2-31 “Annual Health Reporting and Data Retention Requirements”
Regulation 4-2-33 “Mandatory Open Enrollment Periods for Carriers Issuing Child-Only Policies”
Regulation 4-6-8 “Concerning Small Employer Health Benefit Plans”

In addition, under HHS Rate Review Grant funds, the Division of Insurance has substantially expanded its capability for reviewing health insurance premium rates, including enhancing the DOI’s information technology infrastructure to include a display of consumer-friendly rate summaries on the DOI’s website and an upcoming feature by which consumers will be able to request an e-mail notification when a rate increase is submitted.

Stakeholder Engagement: The DOI contracted with a public relations firm to collect consumer input about what information consumers would like to have about their health insurance premiums, and how they would like to receive the information. The contractor used a variety of methods of obtaining consumer input including interviews with consumer advocates, a survey solicited through a local metropolitan area radio station, and focus groups. The findings from this research have been used to enhance the DOI’s consumer pages and conduct outreach activities to educate the public on that new and enhanced information.

Also under the Rate Review grant, the DOI has added a complaint analyst to address consumer complaints about health insurance premium rates and develop reporting for analysis on the number and types of complaints lodged with the DOI on health care premiums. The Colorado Administrative Procedures Act provides for public comment and review on all new and revised regulations when they are being promulgated.

Proposal to Meet Program Requirements Consistent with SB11-200

Statutory Reform: The existing Exchange statute (SB 11-200) provides sufficient legal authority for Colorado’s planning and development activities. The DOI is analyzing requirements of Federal and state Exchange related regulations as they are released to identify potential statutory revisions required for the implementation of an exchange that meets the unique needs of Colorado as required by SB11-200. The State of Colorado will seek the maximum flexibility from any regulation that does not meet the unique needs of Coloradans and Colorado’s small employers.

Regulatory Reform: The DOI will continue its efforts to bring Colorado regulations and regulatory processes into compliance with Exchange-related requirements that will increase access, affordability and choice for individuals and small employers purchasing health insurance in Colorado. For those Exchange-related requirements that do not fit the unique needs of Colorado, the State of Colorado will seek Colorado-specific solutions and request the maximum flexibility from such one-size-fits-all regulations.

Stakeholder Engagement: The DOI will continue to expand the information available to individuals and small businesses on its website. The DOI will extend the efforts of its Consumer and External Affairs staff, within existing resources, for education and outreach through a combination of training, media and outreach. The messaging of these efforts will concentrate on the theme that “an informed consumer is necessary for a free market to operate effectively.” This work by DOI is in addition to the overall stakeholder outreach being performed by the Exchange Board and staff.

Consumer Protection: A free market with well-informed users of the Exchange will provide sufficient consumer protection for individuals and small businesses in Colorado. Accordingly, Colorado will focus on providing all relevant information and resources to individuals and small businesses utilizing the exchange.

Adverse Selection: Issues of adverse selection within and between the Exchange and outside insurance marketplace will require analysis by the DOI to develop mitigation measures and policies. The DOI will analyze the implementation of the Exchange “marketplace” to identify areas likely to give rise to adverse selection and make recommendations to the Exchange Board and the Colorado General Assembly on policies to reduce, avoid or blunt the effects of adverse selection.

Risk Leveling Methods: The DOI will work with the Exchange and outside contractors to determine the appropriate parameters for risk leveling methods outlined in the recent notice of proposed regulation. The DOI and its contractors will establish a basic stakeholder document outline the issues involved in a risk leveling methodology, identify an entity to perform the risk leveling operations, and prepare Colorado-level parameter estimates to determine if modification applications are necessary in early 2013.

B.10. Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints

Demonstration of Past Progress

In General: The Division of Insurance, a division of the Department of Regulatory Agencies, has provided a toll-free telephone number and on-line complaint and inquiry filing system to its Consumer Affairs staff. The staff handles approximately 20,000 consumer telephone calls and almost 4,000 e-mails a year from consumers about issues between the consumer and their insurance carrier. In 2010, over 1,200 consumer complaints were lodged over health insurance issues and the DOI recovered \$1.6 million in denied or delayed benefits and reinstatements of health coverage for consumers. The DOI also maintains a significant library of brochures and other materials including frequently asked questions, notices and

reports to respond to consumer's insurance information and education needs. The DOI oversees and manages the Colorado process for internal and external review (or appeals) of benefit and coverage denials, providing information for consumers on the appeals processes through brochures and analyst consultation.

Data from Consumer Assistance Programs and Conclusions: While Colorado has not implemented a new Consumer Assistance Program, the DOI publishes an annual report on complaints against insurance companies which analyzes the reasons consumers lodge complaints and the percentage of the complaints in which the DOI finds violations of law, regulation or insurance policy provisions. In addition, the DOI posts on its website a complaint ratio and index by company for the largest health insurance and health maintenance organizations each year. These reports provide consumers with information by company of total number of complaints, and the number of confirmed (where the DOI finds a violation) complaints, permitting consumers to compare carriers by market share. The DOI's Annual Report to the public on health insurance complaints will continue, and will include Exchange-related coverage.

Assistance to Small Businesses: In Colorado, the most regulated health insurance market is the small group market covering between one and 50 employees. As the most regulated market, this market also generates a disproportionate share of consumer and business inquiries. The DOI treats these contacts as consumer contacts and provides broad based education and complaint resolution services for small business consumers.

Coverage Appeals and Complaints: The DOI oversees the internal review processes for consumers who have had a claim for benefits denied. The DOI manages the external appeals process for those complaints where the issue is not resolved through the internal review process. The DOI assigns the external review organization and requires, through regulation, the process and standards which must be followed by the carrier and the independent review organization.

Proposal to Meet Program Requirements Consistent with SB11-200

Assistance to Individuals: In addition to helping consumers who call the DOI understand their insurance options, the Division of Insurance will expand its consumer protection library and be involved in general consumer outreach to consumers. The DOI will also define business processes for accepting complaints and appeals that were initially received through the Exchange. As the Exchange moves into full operation, Exchange staff and/or contractors will handle assistance to individuals regarding problems with obtaining coverage.

Assistance to Small Businesses: As the Exchange moves into full operation, Exchange staff, DOI staff and/or contractors will handle assistance to small businesses regarding problems with obtaining coverage.

Coverage Appeals and Complaints: The Exchange (or its contractors) has the lead responsibility in the area of complaints about whether a person is (or should be) covered through the Exchange. The entire scope of eligibility, verification and enrollment is the primary focus of the Eligibility, Verification and Enrollment Work Group (described in Core Area #4). The specifics of the process – including coverage appeals and complaints – will be addressed under Core Area #11 during the Level One grant period.

Data Collection: In addition to the data collection work addressed elsewhere, the Exchange will be responsible for collecting data needed to assess the potential exchange market and developing appropriate metrics for the collection and reporting. The details of the data collection and reporting process will be addressed during the Level One planning period.

B.11. Business Operations of the Exchange

Demonstration of Past Progress

All of the business operations components listed in the grant guidance for core areas have been discussed in one or more forums during the planning grant. During the planning grant time period, the Exchange planning team, staff and external consultants considered Colorado's readiness across multiple business and operational components and Exchange functionalities. Colorado reviewed and evaluated State and Federal legislation pertaining to Exchanges, Federal grant guidance and existing State programs and services. As a result of that planning and evaluation process, the planning team determined that Colorado should apply for a Level One Establishment grant (rather than Level Two) and secure the resources for robust and comprehensive strategic, business and operational planning, including IT analysis and system design.

Some of these elements have achieved noteworthy attention during the planning grant period, including:

Certification, Recertification, and Decertification of Qualified Health Plans: This subject has received considerable attention and interest from the SHOP (small employer) work group, though some of the insights will apply to the individual market as well.

Outreach and Education: To date, most of the public outreach has been delivered by Exchange personnel and the Office of Governor John Hickenlooper – people directly involved in the planning grant. In July of 2011, the Exchange planning team launched the Marketing, Enrollment and Outreach Working Group which developed the broad outlines of market segments and target groups as well as a speakers' bureau and presenter tool kit. The objective is to have a cadre of trained volunteers who can effectively educate the public well in advance of the Exchange opening. Further, the feedback will help illuminate future marketing efforts.

Shop Exchange-Specific Functions: The Small Employer Work Group (SEWG) – the focal point for SHOP functions, has been in operation since the spring of 2011 and has brought forward many ideas which will be incorporated in the Exchange design.

Proposal to Meet Program Requirements Consistent with SB11-200

During the Level One grant period, Colorado will emphasize active research, analysis, planning, development and timely implementation related to the business operations and functions of the Exchange. Most of these components are integral parts of the full Exchange and will not take on specific shape until the Level One grant commences. The Exchange will also examine work by Early Innovator states applicable to these business processes. The

Exchange is anticipating additional guidance from both the executive and judicial branches on several of these components. The Exchange will consider all of the guidance in continuing to develop an exchange that will address the specific needs of Colorado within the framework of SB11-200.

- **Certification, Recertification, and Decertification of Qualified Health Plans:** Exchange Board and staff, plan management professionals and the Division of Insurance will collaborate on an effective and efficient course of action during the Level One grant period.
- **Call Center:** The early stages of the Level One grant will include evaluating existing call center capacity in Colorado and around the country as well as exploring the feasibility of multi-state contracting for an Exchange call center.
- **Exchange Website and Calculator:** Selection and testing will proceed under the Level One grant. The Colorado Exchange will take advantage of the work of Early Innovator states.
- **Quality:** Consider the affordability and cost in the context of quality care and increased access to purchasing health insurance.
- **Navigator Program:** The Exchange intends to have a broad-based navigator program that builds on the extensive network of community-based outreach and enrollment educators and the broker community.
- **Eligibility Determinations for Exchange Participation:** The work group and Board will identify eligibility, verification and enrollment solutions which meet Exchange requirements.
- **Enrollment Process:** The Exchange will continue to develop enrollment solutions that meet the needs of Colorado businesses and individuals.
- **Applications and Notices:** This element of the business processes will be developed in late 2012 after more time-sensitive elements are in place or ready for testing.
- **Individual Responsibility Determinations/ Assessing requests for exemptions:** It will be part of the business process design through 2012.
- **Adjudication of Appeals of Eligibility Determinations:** This element of the business processes will be developed in late 2012 after more time-sensitive elements are in place or ready for testing.
- **Outreach and Education:** Staff and Board will reach out to rural areas to educate businesses, individuals, and tribes about the nature and functions of the Exchange.
- **Risk Adjustment and Transitional Reinsurance:** This work will be completed in partnership with DOI and consultants.

- **SHOP Exchange-Specific Functions:** The Small Employer Workgroup has presented recommendations to the Board on SHOP-specific issues and will continue to provide guidance to the staff and Board regarding the special needs of small employers.

Additional business processes will be developed as needed.

C. EVALUATION PLAN

C.1. Details of Impact Evaluation Plan for Project Period

The Level One project period consists primarily in the development of detailed plans for the essential components of a Colorado-specific exchange while engaging key staff and consultants to achieve these ends. While there is some provision for acquiring some of the early components of an exchange, none will be fully installed or ready for testing until Level Two resources are available. As a result, the usual metrics for an operating exchange will not apply until Level Two activity.

Nevertheless, the Exchange and the Board are intent on using qualitative, timeliness and related managerial controls and cost containment measures to ensure appropriate progress toward a high-functioning exchange that fits the unique needs of Colorado. The Exchange seeks Colorado specific solutions and explores the maximum number of options available to create an exchange that increases access, affordability and choice for individuals and small employers purchasing health insurance in Colorado.

C.2. Key Indicators to be Measured

Given the essential roles of staff and consultants, the management of the Exchange will rely heavily on detailed performance plans for staff, and specific evaluation components in consulting agreements.

Each of these relationships will be engineered to ensure that all human resources are contributing to increase access, affordability and choice for individuals and small employers purchasing health insurance in Colorado.

Among the key indicators for success in relation to the Level One grant, in addition to the timely completion of planned activities and performance reviews are:

- Additional grant funding is submitted by June 30, 2012;
- Internal fiscal controls and compliance resources are in place to effectively manage grant resources;
- The Exchange successfully completes all mandatory gate reviews;
- COHBE secures agreements with one or more firms to develop exchange operations and systems; and
- Exchange staff members continue outreach to communities across the state and acquire additional stakeholder feedback.

C.3. Effectiveness of Methods

The Exchange, and all of its key elements, will be tracked on project management software so that the Executive Director (ED) and other executives are able to review progress against plan frequently. Since major exchange components are to be in place by spring of 2013 and ready for testing, special attention will be directed to any delays which affect that major milestone.

A key element of the Level One process will be the role of a project management firm responsible for the high-level design activities that understands the unique needs of Colorado in developing an exchange that will increase access, affordability, and choice for individuals and small employers purchasing health insurance in Colorado as envisioned by SB11-200. Colorado intends to request bids in an open and transparent manner from multiple companies before

contracting with a project management firm. That firm will also be expected to provide day-to-day oversight and timely reporting to the ED regarding progress toward plan completion as well as any problems or irregularities which surface. That firm will then work with Exchange management to take appropriate steps to correct problems.

Internally, the legal/compliance officer will be a direct report to the ED and able to bring to the attention of management any compliance findings which affect the integrity, effectiveness or timeliness of the development of the Exchange.

Further, scheduled and special reviews of employee and consultant performance will ensure that all those contributing to success have appropriate feedback – whether the content is favorable, unfavorable or mixed.

To supplement these feedback mechanisms, the Exchange will have established systems for consultants, contractors, small employers, stakeholders, carriers, community organizations and other interested parties to assist management in identifying problems and potential solutions.

C.4. Interventions

If major delays or impediments arise, the ED will establish an ad hoc team to address and resolve the impediment and develop appropriate plans to adopt suitable mitigation measures for any possible delays. Delays or difficulties which have direct effects on the ability to achieve the desired test-ready status will receive priority attention commensurate with the urgency of the problem.

C.5. Baseline Data

The primary Level One efforts will be design of the key elements of an exchange and the specification of the requirements for vendors or staff needed to operate an Exchange. A significant part of that work will be the integration of baseline Division of Insurance (DOI) data and appropriate metrics to assess each component, both in the testing stage and throughout implementation and ongoing operation.

C.6. Ongoing Evaluation of Exchange

Specific success metrics will be part of the system configuration and will be incorporated into all contracts with vendors responsible for installation and/or operation of components of the Exchange. Likewise, lessons learned during Level One will permit enhancements in performance evaluation for employees, consultants, contractors and systems.

D. WORK PLAN

D.1. Background Research

<ul style="list-style-type: none"> Conduct analysis of State insurance market and develop recommendations for Exchange structure based on this analysis. 		
Process to Achieve Milestone	Commencement	Completion
Conduct required market analysis and develop recommendations	During planning grant period	During planning grant period with report publication targeted for December, 2011.

D.2. Stakeholder Involvement

<p>Establish a stakeholder advisory committee with the support of the Governor and State legislature to solicit input on Exchange design and function by stakeholder groups.</p>		
Process to Achieve Milestone	Commencement	Completion
In Colorado, stakeholder engagement during the Level One Exchange establishment period will include stakeholder membership in key workgroups and rural and tribal outreach by Exchange Board and staff.	Ongoing	Ongoing through planning and establishment grant periods.
<p>Complete stakeholder meetings that cover all regions of the State.</p>		
Complete stakeholder meetings. (Meetings will continue under the outreach effort in Core Area 11.)	Ongoing	Ongoing through planning and establishment grant periods.
<p>**In addition to general stakeholder consultation, establish, implement, and document a process for consultation with federally recognized Indian Tribal governments to solicit their input on the establishment and ongoing operation of the Exchange.</p>		
The Lieutenant Governor and Exchange staff have and will continue to engage leadership of Tribes in Colorado directly. Outreach will continue into 2012 and beyond.	June initial outreach.	Specific measures to incorporate tribal input into the planning and system design.
<p>Publish publicly-available minutes from completed open stakeholder meetings.</p>		
All minutes of board meetings and work group products appear on the website noted in the narrative.	April, 2011	Ongoing – Board and all work group products.
<p>**In addition to stakeholder consultation, continue to implement and document its Tribal consultations to solicit Tribal input on the ongoing operation of the Exchange..</p>		
Continuing tribal outreach regarding planning and system design.	June, 2011	Ongoing.

D.3. State Legislative/Regulatory Actions

Draft enabling legislation, implementing regulations, or other mechanisms that provide the legal authority to establish and operate an Exchange.
 Introduce Exchange enabling legislation.
 Hold public hearings on Exchange enabling legislation.
 Has the necessary legal authority to establish and operate an Exchange and provides for establishment of governance and Exchange structure.

Process to Achieve Milestone	Commencement	Completion
Secure enabling legislation for Colorado Exchange including public hearings and provisions for governance.	January, 2011	May, 2011 (Senate Bill 2011-200)

D.4. Governance

****Develop a governance model by working with stakeholders to answer key questions about the governance structure of the Exchange.**
****Establish governance structure**

Process to Achieve Milestone	Commencement	Completion
Development and establishment of governance structure through SB11-200.	January, 2011	December, 2011
Determine standards for the Exchange governing body that will ensure public accountability, transparency, and prevention of conflict of interest. (Not mandatory milestone) Appoint a governing board and a management team sufficient to oversee the operations of the Exchange. Develop a formal operating charter or by-laws that are consistent with State requirements including public accountability, transparency, and conflicts of interest.		
Appoint a governing board.	Appointments were made in June, 2011. The first meeting of the appointed Board held on July 11, 2011	Completed July, 2011
Action by the Board to adopt its Articles of Governance which reflect public accountability, transparency and conflict of interest in alignment with enabling legislation, SB11-200.	July, 2011	December, 2011
Ongoing engagement by the Legislative Health Benefit Implementation Review Committee of the Colorado General Assembly.	August, 2011	Ongoing

D.5. Program Integration

** Perform detailed business process documentation to reflect current State business processes, and include future State process changes to support proposed Exchange operational requirements.		
Process to Achieve Milestone	Commencement	Completion
The documentation of relevant State business processes has been underway since the gap analysis was undertaken. The work will continue through the Level One grant period to inform the design of the Exchange. These will be addressed in greater detail in Core Areas 6 and 9.	April, 2011	Fourth Quarter, 2012
** Initiate communication with the State HIT Coordinators, State Division of Insurance (DOI) and the Colorado Department of Health Care Policy and Financing (Medicaid agency), and the Colorado Department of Human Services as appropriate, and hold regular collaborative meetings to develop work plans for collaboration.		
The collaboration exists via ex officio membership on the Exchange Board from both the Medicaid agency and DOI. Further, representatives of all key State agencies participate in one or more of the work groups in operation throughout most of 2011.	Creation and commencement of business by the Exchange Board in July, 2011	This collaboration with appropriate State and local agencies will continue all through the design, testing and operation of the Exchange, including collaboration with County officials.
** Execute an agreement with the State Division of Insurance.		
Develop Memorandum of Understanding (MOU) with Colorado Division of Insurance delineating specific functions, roles and duties consistent with SB11-200.	Third Quarter, 2011.	MOU expected to be completed by Second Quarter, 2012.
** Execute an agreement with the State Department of Health Care Policy and Financing.		
Develop Memorandum of Understanding (MOU) with the Department of Health Care Policy and Financing consistent with SB11-200 to ensure minimum level of interoperability.	Third Quarter, 2011	MOU expected to be completed by Second Quarter, 2012

D.6. Exchange IT Systems – Including Gap Analysis

** Conduct a gap analysis of its existing systems and the end goal for systems development by 2014.		
Process to Achieve Milestone	Commencement	Completion
Gap analysis completed	2010	June, 2011
** Complete the review of product feasibility, viability, and alignment with Exchange program goals and objectives.		
Feasibility, viability and alignment with Exchange goals and objectives	November, 2011	First Quarter, 2012
** Complete preliminary business requirements and develop an IT architectural and integration framework.		
All part of analysis in this application.	June, 2011	First Quarter, 2012
** Complete Systems Development Life Cycle (SDLC) implementation plan.		
SDLC implementation plan	June, 2011	First Quarter, 2012
** Complete security risk assessment and release plan.		

Security risk assessment	December, 2011	Second Quarter, 2012
** Complete Preliminary detailed design and system requirements documentation (e.g. technical, design, etc.).		
Preliminary design and system requirements documentation.	May, 2011	Third Quarter, 2012
** Finalize IT and integration architecture. Complete Final business requirements and Interim detailed design and system requirements documentations (e.g. technical, design, etc.).		
IT architecture	November, 2011	First Quarter, 2012
** Complete Final requirements documentation (including System Design, Interface Control, Data Management, & Database Design.)		
Final requirements documentation.	November, 2011	Second Quarter, 2012
** Complete Preliminary and Interim development of baseline system and review and ensure compliance with business and design requirements.		
Preliminary and interim development system and review	First Quarter, 2012	Second Quarter, 2012
** Complete final development of baseline system including software, hardware, interfaces, code reviews, and unit-level testing.		
Development of baseline system components.	Third Quarter, 2012	Fourth Quarter, 2012
** Complete testing of all system components including data, interfaces, performance, security, and infrastructure.		
Testing of IT system components.	Fourth Quarter, 2012	First Quarter, 2013

D.7. Financial Management

** Adhere to financial monitoring activities carried out for the Planning Grant and under the Establishment Cooperative Agreement.		
Process to Achieve Milestone	Commencement	Completion
Currently, the office of the Governor, State of Colorado, manages the planning grant consistent with Federal grant requirements.	Inception of planning grant	Conclusion of planning grant and any post-grant reviews
The Exchange Board of Directors and Executive Director will bear the primary responsibility for adherence to HHS financial monitoring requirements.	Inception of the Level One Establishment Grant	Ongoing
Begin defining financial management structure and the scope of activities required to comply with requirements of SB11-200.		
The Board of Directors has appointed a Finance Committee. The initial staffing will consist of the Executive Director, Chief Financial Officer and Compliance and Legal Officer.	October, 2011	Ongoing
All moneys received by the Board of Directors are subject to audit by the Colorado General Assembly Legislative Audit Committee as established in enabling legislation, SB11-200.	May, 2011	Ongoing
** Establish a financial management structure and commit to hiring experienced accountants to support financial management activities of the Exchange, which include responding to audit requests and inquires of the Secretary and the Government Accountability Office as needed.		
The Exchange is committed to hiring highly qualified professionals in all levels of the financial management of the Exchange. The CFO is expected to be recruited and hired by the Executive Director (ED) at the inception of the Level One grant.	First Quarter, 2012	Second Quarter, 2012
ED will hire staff during the grant period.	First Quarter, 2012	Second Quarter, 2012

D.8. Oversight and Program Integrity

** Ensure the prevention of waste, fraud and abuse related to the expenditure of Exchange Planning and Exchange Establishment grants.		
Process to Achieve Milestone	Commencement	Completion
The principal responsibility for program integrity lies with the Executive Director, and the protection against waste, fraud and abuse lies with the Chief Financial Officer with oversight provided by the Board of Directors.	First Quarter, 2012	Second Quarter, 2012
Where appropriate, compliance plans will be reviewed with the Exchange Board.	Second Quarter, 2012	Second Quarter, 2012

D.9. Health Insurance Market Reforms

Health Insurance Market Reforms that will increase access, affordability and choice for individuals and small employers purchasing health insurance in Colorado will be addressed as outlined in the Memorandum of Understanding established with the state Division of Insurance.

D.10. Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints

Coordinate with existing organizations in the State if applicable; and assure that the following services are available and sufficient to meet State Residents' need for assistance: (i) help individuals determine eligibility for private and public coverage and enroll in such coverage; (ii) help file grievances and appeals; (iii) provide information about consumer protections; and (iv) collect data on inquiries and problems and how they are resolved.

Process to Achieve Milestone	Commencement	Completion
The design of the Exchange eligibility determination, as well as the processes for grievances and appeals, consumer protection and data collection will be completed during the Level One grant period.	May, 2011	Second Quarter, 2012
** Analyze data collected by consumer assistance programs and report on plans for use of information to strengthen qualified health plan accountability and functioning of Exchanges.		
Using the DOI's annual report on consumer complaints, trends in the reasons consumers file complaints, or make inquiries, will be analyzed to determine whether regulatory enforcement actions need to be taken, regulations and certification processes strengthened, and consumer education broadened.	October, 2011	Fourth Quarter, 2013
** If the State chooses to operate these functions within the Exchange, establish protocols for appeals of coverage determinations including review standards and timelines and provision of help to consumers during the appeals process.		
Work will be done during the Level I grant period to determine how these functions will performed in the state.	First Quarter, 2012	Third Quarter, 2012
** Draft scope of work for building capacity to handle coverage appeals functions.		
The Memorandum of Understanding between the Exchange and the Division of Insurance will address how the coverage appeal function is performed consistent with SB11-200.	January, 2011	Second Quarter, 2012

D.11. Business Operations of the Exchange

Call Center:

Evaluate and explore call center operational plan.		
Process to Achieve Milestone	Commencement	Completion
Evaluate existing call center capacity and explore feasibility of different operational approaches to call center.	First Quarter, 2012	Third Quarter, 2012 for determination of call center approach

Exchange Website and Calculator:

** Begin developing requirements for systems and program operations.		
Process to Achieve Milestone	Commencement	Completion
Key contractors have taken over the work developed by the original working group.	Original working group commenced in May of 2011.	First Quarter, 2012
** Begin systems development.		
System development commences	Second Quarter, 2012	Third Quarter, 2012
** Submit content for informational website for comment.		
Submission of website content for comment.	Third Quarter, 2012	Fourth Quarter, 2012
** Complete systems development and final user testing of informational website.		
SHOP component	First Quarter, 2013	Second Quarter, 2013
Individual component	First Quarter, 2013	Second Quarter, 2013

Navigator Program:

Conduct preliminary planning activities related to the Navigator program including developing high-level milestones and timeframes for establishment of the program.		
Process to Achieve Milestone	Commencement	Completion
The design of an appropriate program will be completed during the Level One grant period.	January, 2012	September 2012 for design.

Eligibility Determinations:

** Begin developing requirements, including requirements on the Exchange side. .		
Process to Achieve Milestone	Commencement	Completion
IT systems assessment, design and development will be a major component of activity in Level One grant building on work done under Planning Grant resources.	April, 2011	Ongoing
** Begin system development.		
The gap analysis and the Exchange's response to it (See Core Area 6) as well as the work of two workgroups represent the beginning of such work.	April, 2011	Ongoing

Enrollment Process:

** Begin developing requirements for systems and program operations.		
Process to Achieve Milestone	Commencement	Completion
The beginning of this work is rooted in the gap analysis as well as the work of the current consultants and stakeholders. It is also addressed in the gap analysis response provided in Core Area 6: IT.	April, 2011	Ongoing
** Begin systems development.		

Systems development will begin in early 2012.	SHOP: Second Quarter, 2012 Individual: Second Quarter, 2012	SHOP – Second Quarter, 2013 Individual: Third Quarter, 2013 J
** Complete systems development and prepare for final user testing.		
System developed and ready for final user testing.	June 2012	SHOP – First Quarter, 2013 Individual: Third Quarter, 2013

Applications and Notices:

Developing requirements for Exchange-created applications and notices		
Process to Achieve Milestone	Commencement	Completion
Begin developing notices.	First Quarter, 2012	Fourth Quarter, 2012

Individual Responsibility Determinations:

** Begin developing requirements for systems and program operations if required based on outcome of litigation.		
Process to Achieve Milestone	Commencement	Completion
Planning discussions commenced in two Exchange workgroups and SHOP work groups.	Commenced in April, 2011	Early stages to be completed by Second Quarter, 2012
** Begin systems development.		
If required based on outcome of litigation systems development commences with business process integrator.	Third Quarter, 2012	Fourth Quarter, 2012

Administration of Premium Tax Credits and Cost-Sharing Reductions:

** Begin developing requirements for systems and program operations if required based on outcome of litigation.		
Process to Achieve Milestone	Commencement	Completion
Commence planning discussions of requirements	First Quarter, 2012	Second Quarter, 2012
** Begin systems development.		
If required based on outcome of litigation, commence system development.	Third Quarter, 2012	Fourth Quarter, 2012

Adjudication of Appeals of Eligibility Determinations:

Begin developing business processes and operational plan for appeals functions.		
Process to Achieve Milestone	Commencement	Completion
Commence development of businesses process and operational plan.	Second Quarter, 2012	Second Quarter, 2012

Notification and Appeals of Employer Liability:

** Begin developing requirements for system and program operations if required based on outcome of litigation.		
This is an active agenda item for current Exchange planning efforts.	First Quarter, 2012	Second Quarter, 2012
** Begin systems development if required based on outcome of litigation.		
If required based on outcome of litigation, system development commences.	Third Quarter, 2012	Fourth Quarter, 2012

** Complete systems development and prepare for final user testing if required based on outcome of litigation.		
If required based on outcome of litigation, system development completed and awaiting testing.	Fourth Quarter, 2012	Fourth Quarter, 2012

Information Reporting to IRS and Enrollees:

** Begin developing requirements for systems and program operations if required based on outcome of litigation.		
Process to Achieve Milestone	Commencement	Completion
This is an active agenda item for current Exchange planning efforts.	June, 2011	Second Quarter, 2012
** Begin systems development if required based on outcome of litigation.		
If required based on outcome of litigation, system development commences.	Second Quarter, 2012	Third Quarter, 2012
** Complete systems development and prepare for final user testing if required based on outcome of litigation.		
If required based on outcome of litigation, system development completed and awaiting testing.	Third Quarter, 2012	Third Quarter, 2012

Outreach and Education:

2011 - Develop outreach and education plan		
Reach out to tribes, rural, small businesses and individuals as it pertains to access, affordability and choice in purchasing health insurance.	October, 2011	Ongoing

SHOP Exchange-Specific Functions:

** Begin developing requirements for systems and program operations.		
This is an active agenda item for Exchange planning staff to ensure access, affordability and choice for small employers purchasing health insurance in Colorado.	April, 2011	First Quarter, 2012
** Begin systems development.		
System development commences to ensure access, affordability and choice for small employers purchasing health insurance in Colorado.	Second Quarter, 2012	Fourth Quarter, 2012
** Complete systems development and prepare for final user testing.		
System development completed and awaiting testing to ensure access, affordability and choice for small employers purchasing health insurance in Colorado.	Fourth Quarter, 2012	First Quarter, 2013

E. BUDGET NARRATIVE

The relevant budget narrative precedes each budget page. Pages 3 and 4 of the budget, dealing with cost allocation by core areas, appear later in this section.

A. Salaries and Wages (rows 4-12)

Titles of anticipated salaried positions appear on page 1 of the appended spreadsheet. The monthly and annual salaries appear in columns C and K, respectively. Except for the Executive Director, whose appointment confirmation is in process, none of these positions are filled or have been offered to anyone. The monthly costs (with benefits described below) are then distributed over the 8-month grant period commencing February 15, 2012 based on anticipated start dates (columns O through V). Position descriptions for key positions appear in Appendix A.

Contract employees (those hired part time or for specific tasks) appear in rows 15 through 17, with the calculated total cost appearing in column L and the monthly compensation in column J. These contract employees do not earn fringe benefits. These costs are also distributed across the 8 months.

B. Fringe Benefits

The key factors for fringe benefits and payroll-related taxes (only applicable to salaried positions) appear in a box at the bottom of page 4 of the budget. These are used to calculate the benefit costs for each class of position in columns E-I. Column J shows the total monthly cost per position. It is this factor (times the number of positions in that row) which is distributed over the 8 month budget.

C. Consultant Costs (rows 24-32)

The Exchange has identified consulting needs in a number of areas. Those budgeted below include:

- Information Technology and Business Analyst Consulting – These are some of the primary technical systems services. IT services will analyze technical architectural alternatives and evaluate these in coordination with business alternatives. IT services will define technical requirements for acquisition of systems and services as well as participate in vendor selection, negotiations and drafting Statements of Work (SOWs). Similarly, the business analyst services will support the Exchange in functional areas. The business analysts will evaluate business alternatives in coordination with the technical alternatives. Business analysis services will define functional requirements for acquisition of systems and services as well as participate in vendor selection, negotiations and drafting the SOWs. These services will continue through implementation into a quality assurance role including systems testing and end user testing.
- Project Management – This function will provide leadership and oversight during planning, pre-implementation and implementation of the COHBE IT system(s) and services. Project management will be responsible for managing project scope, quality, budget and schedule. The project management team will periodically present the status of the project to the COHBE Board. Project management consultants will develop status reports and gate review documents and make presentations during gate reviews.
- Independent Verification and Validation (IVV) Services – This function will ensure regular oversight of project execution. IVV will provide independent quarterly reviews of project

status and identify recommendations and corrective actions. -Monthly IVV reviews will include review of project documents (project plans, scope statements, acquisition documents, design documents, test plans and post-implementation support plans) as well as support for organizational structure for systems management.

- Business Process Design – Market-facing business processes will be developed during Level One and include reviews of best practices from other states, thorough documentation, and coordination across departments in state government. Given the accelerated development time frames for COHBE, resources will be required to coordinate with the IT acquisition team, validate feasibility of business processes with the market, and complete necessary operational plans.
- Operational Consulting – During the Level One period, new financial, personnel and functional support systems will be required. This budget item provides for temporary services and support required to carry out these functions on the accelerated time frames required for COHBE as a new entity.
- Website Development and Operation – The COHBE informational website was launched in November of 2012. This budget provides for monthly maintenance as well as some room for further site improvements.
- Actuarial Support and Market Analysis – This function provides the COHBE with the technical support to estimate the degree of demand in various demographic groups as well as the ability to size the Exchange to meet that demand. The contractors also provide models for different market penetration levels as well as associated system costs.
- Risk Corridor and Reinsurance Consulting – A consultant will be selected to assist the Exchange and the Colorado Division of Insurance prepare an analysis of alternatives and make recommendations regarding the establishment of these insurance mechanisms for Colorado's Exchange.
- DOI Data Call – The Division of Insurance anticipates the need for a data call in the early months of the Level One period in order to fulfill its responsibilities in relation to a successful exchange as required by SB11-200.

The Exchange will identify and hire consultants to fulfill these roles over the next few months to permit them to be in place early in the first quarter of 2012 under the Level One grant.

D. Equipment (rows 35-41)

The only equipment items to be acquired during the Level One grant period are associated with staffing. These include computer work stations, printers, phones and related for salaried staff. The number of units and other factors used to cost these out appear in columns C through H on pages 1 and 2 of the budget spreadsheet. (The estimated acquisition dates are indicated in the monthly tallies in columns O through Z.)

E. Supplies (rows 44-49)

Supplies are primarily in the general office supply category and are estimates based on the number of staff (salaried and contract) expected to be on board. The factors used to calculate these expenses appear on the spreadsheet. Additionally there is an allowance for desktop software (MS Office Professional) for each work station plus some other desktop software (e.g. project planning, graphics).

F. Travel (rows 52-56)

Mileage estimates use \$0.50 per mile with estimated in-state automotive travel for five of the staff. The air travel is based on an average per-trip experience from Denver to various locations for HHS trainings and conferences as well as any site visits. All calculation factors appear in the spreadsheet.

G. Other (rows 59-76)

This category includes space rental, recurring communications costs, board expenses, and insurance. All the factors used to determine these costs appear in columns C through G.

H. Contractual Costs (row 79)

Most of the design decisions will not be ready for implementation until the Spring or Summer of 2012. At that point, the Exchange will be in a position to decide which exchange components can be purchased, built or leased. The details of such acquisitions will be provided in the form of a budget revision and early gate reviews (i.e. Architectural Review and Project Baseline Review) prior to commitment of funds. Such revision(s) will also include contractor rates of pay and other factors. It is the intent of Board and staff of the Exchange that contractual services will be consistent with best practices and ensure that we receive the best value from technology and services acquired.

I. Total Direct Costs (row 82)

Total costs of the program appear on row 82, with the monthly estimates appearing in columns O through V and the grant total appearing in column W.

J. Indirect Costs

There is no indirect cost factor applied to this budget.

Colorado Level One Exchange Establishment Grant Budget

	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP	AQ	AR	AS	AT	AU	AV	AW	AX
Core Area Percentage Split																											
	1 - Background Research	2 - Stakeholder Engagement	3 - Legislative / Regulatory per SB11-200	4 - Governance	5 - Program Integration	6 - Info Tech	7 - Financial Management	8 - Program Integrity	9 - Market Reforms per SB11-200	10 - Ass'tc to Indiv, etc.	11 - Business Operations	GENERAL		Delta	1 - Background Research	2 - Stakeholder Engagement	3 - Legislative / Regulatory per SB11-200	4 - Governance	5 - Program Integration	6 - Info Tech	7 - Financial Management	8 - Program Integrity	9 - Market Reforms per SB11-200	10 - Ass'tc to Indiv, etc.	11 - Business Operations	GENERAL	Project Year & Month Total
3																											
4	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	152,637
5	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	51,189
6	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	51,189
7	0%	30%	30%	20%	100%	0%	0%	0%	0%	0%	20%	40%	0%	0%	15,357	15,357	10,238	0	0	116,111	0	0	0	0	0	0	116,111
8	0%	30%	20%	40%	0%	0%	40%	0%	0%	0%	100%	40%	0%	0%	0	27,950	0	0	0	0	0	55,901	0	0	0	0	139,752
9	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	75%	0%	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	94,289
10	0%	0%	0%	0%	0%	0%	80%	20%	25%	0%	0%	0%	0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	51,189
11	0%	0%	0%	0%	0%	0%	80%	20%	0%	0%	0%	0%	0%	0%	0	0	0	0	0	0	100,891	25,223	0	0	0	0	126,113
12	0%	0%	0%	0%	0%	0%	80%	20%	0%	0%	0%	0%	0%	0%	0	0	0	0	0	0	43,551	10,888	0	0	0	0	54,439
13																											
14	n/a																										
15	0%			100%										0%	0	0	88,000	0	0	0	0	0	0	0	0	0	88,000
16	0%													0%	0	0	0	0	0	0	0	0	0	0	0	0	35,750
17	0%						100%							0%	0	0	0	0	0	0	60,000	0	0	0	0	0	60,000
18														n/a													
19	0.0	0.3	0.5	1.2	0.0	1.0	2.6	0.8	0.3	0.0	2.0	3.4	100%	0	15,357	43,307	98,238	0	116,111	204,442	92,011	12,797	0	142,919	295,477	1,020,659	
20	0.0%	2.5%	4.2%	10.0%	0.0%	8.3%	21.7%	6.7%	2.1%	0.0%	16.3%	28.3%	100%	0.0%	21,614	60,953	138,265	0	163,421	287,742	129,502	18,012	0	201,151	0	1,020,659	
21	0.0%	2.5%	4.2%	10.0%	0.0%	8.3%	21.7%	6.7%	2.1%	0.0%	16.3%	28.3%	100%	0.0%	1.5%	4.2%	9.6%	0.0%	11.4%	20.0%	9.0%	1.3%	0.0%	14.0%	28.9%	71.1%	
22	0.0%	2.1%	6.0%	13.5%	0.0%	16.0%	12.7%	1.8%	0.0%	0.0%	19.7%	100.0%	0.0%	0.0%	2.1%	6.0%	13.5%	0.0%	16.0%	28.2%	12.7%	1.8%	0.0%	19.7%	28.9%	71.1%	
23																											
24	0%				10%	90%						GENERAL	0%	0	0	0	0	0	66,000	594,000	0	0	0	0	0	0	660,000
25	0%				10%	90%						GENERAL	0%	0	0	0	0	0	15,000	195,000	0	0	0	0	0	0	150,000
26	0%	40%								60%			0%	0	640	0	0	0	0	0	0	0	0	960	0	0	1,600
27	0%									100%			0%	0	0	0	0	0	0	0	0	0	0	112,000	0	0	112,000
28	0%									90%			0%	0	0	0	0	0	28,600	0	0	0	0	257,400	0	0	286,000
29	0%									20%			0%	0	0	0	0	0	64,000	0	0	0	64,000	32,000	0	0	160,000
30	0%									100%			0%	0	0	0	0	0	0	100,000	0	0	0	100,000	0	0	200,000
31	0%									80%			0%	0	0	0	0	0	32,000	0	0	0	0	128,000	0	0	160,000
32	0%									80%			0%	0	0	0	0	0	0	0	0	0	0	128,000	0	0	160,000
33													n/a														
34	0%											100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	10,800
35	0%											100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	2,000
36	0%											100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	1,600
37	0%											100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	1,575
38	0%											100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	500
39	0%											100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	13,500
40	0%											100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	13,500

Colorado Level One Exchange Establishment Grant Budget

	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP	AQ	AR	AS	AT	AU	AV	AW	AX	
	1 - Background Research	2 - Stakeholder Engagement	3 - Legislative / Regulatory per SB11-200	4 - Governance	5 - Program Integration	6 - Info Tech	7 - Financial Management	8 - Program Integrity	9 - Market Reforms per SB11-200	10 - Assic to Indly, etc.	11 - Business Operations	GENERAL													GENERAL			
41																												
42												100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	1,800	1,800	
43												100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	12,800	12,800	
44												100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	1,800	1,800	
45												100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	900	900	
46												100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	4,500	4,500	
47												n/a	n/a															
48																												
49												100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	4,000	4,000	
50												100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	5,640	5,640	
51													n/a													0	0	
52													n/a													0	0	
53													n/a													0	0	
54													n/a													0	0	
55													n/a													0	0	
56																												
57												100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	37,500	37,500	
58													n/a													0	0	
59		100%											0%	800	0	0	0	0	0	0	0	0	0	0	0	0	800	
60													n/a															
61													n/a															
62												100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	24,000	24,000	
63												100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	11,546	11,546	
64												100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	12,000	12,000	
65												100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	6,480	6,480	
66													n/a															
67													0%	0	0	0	2,000	0	0	0	0	0	0	0	0	0	2,000	
68													n/a															
69												100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	6,000	6,000	
70												100%	0%	0	0	5,000	0	0	0	0	0	0	0	0	0	0	6,000	
71												100%	0%	0	0	0	0	0	0	0	0	0	0	0	0	3,000	3,000	
72																												
73													n/a															
74													0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
75													0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
76													0%	0	0	0	0	0	0	0	0	0	0	0	0	0	15,000,000	
77												n/a	0	15,797	43,307	106,238	205,600	9,945,111	204,442	92,011	106,797	32,000	6,741,279	457,418	17,951,000			

Key Factors:

Unempl. Ins.	0.335%	FICA	6.20%
Worker's Comp	0.212%	Medicare	1.45%
Life Insurance	0.156%	Retirement	7.65%
Estimated Monthly Average Health/Dental Insurance	\$1,000	FICA Ceiling	106,800
Denver Employer Share of Occupational Privilege Tax	\$4.00	Monthly Maximum	\$51,800
1.48% ST - LT Disability		TOTAL	12.22%

F. REQUIRED APPENDICES

F.1 - Job Descriptions for Key Personnel

Executive Director

The Executive Director is responsible for providing leadership and direction for formulating the Exchange's strategic objectives and bringing them to the Board for input, discussion and decision; and for developing and maintaining effective relationships and communication with key stakeholders including the Executive and Legislative branches of the Federal and State government. The Executive Director (ED) oversees the entirety of the Exchange's activities, working closely with the organization's senior managers, all staff and Board of Directors to define and execute its mission. The Executive Director is responsible for ensuring the Exchange is fulfilling its statutory responsibilities and the meeting the health insurance needs of individuals and small businesses. This includes the small employer and individual (non-group) markets, system standards and criteria, appeals and other processes, reporting to State and Federal authorities, and the annual budget. The ED is the face of the Exchange for most purposes.

Among the duties of the ED will be hiring and supervision of all budgeted positions and contract employees. The Executive Director will also have limited administrative oversight of the Board General Counsel.

Chief Financial Officer

Reporting to the ED, the Chief Financial Officer (CFO) is responsible for management oversight and the strategic direction of the financial operation of the Exchange, including negotiating financial contracts with managed care organizations. The CFO works directly with the Executive Director on key strategic initiatives. The CFO also works closely with the key IT personnel, the General Counsel, other members of senior management and the COHBE Board.

The CFO will be responsible for the selection and implementation of systems for accountancy and control consistent with generally accepted accounting principles. Eventually, the Finance function of the Exchange will take over accountancy, payroll, and related functions.

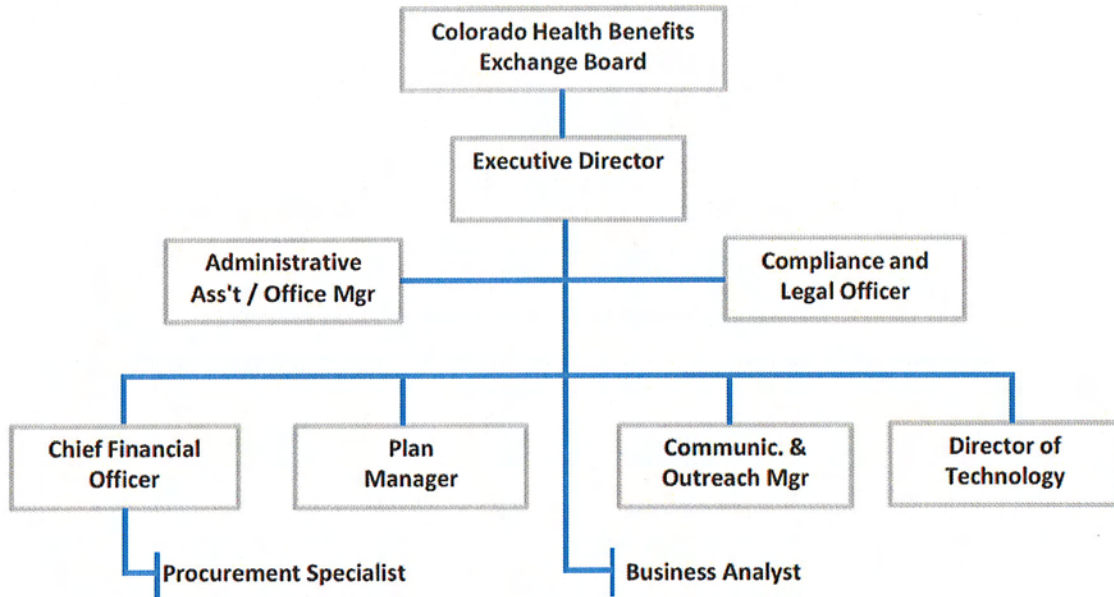
Legal and Compliance Officer

Under the direction of the Executive Director the Legal and Compliance officer will be responsible for providing internal legal services to the organization and Board, liaison with outside counsel; and development and implementation of all compliance and oversight programs.

F.2 – Additional Letters and/or Descriptions

None. Not applicable.

F.3 - Organizational Chart



Legislative Health Benefit Exchange Implementation Review Committee

To ensure accountability to the public and to public officials, SB11-200 establishes a joint Legislative Health Benefit Exchange Implementation Review Committee. The Committee may report up to five bills related to the needs of the Exchange. The Committee shall review and approve grants, the initial operational and financial plan of the Exchange, and the selection of the Executive Director put forward by the Board of Directors. The legislative review committee is a partner in the effort to create a Colorado exchange.