

## **PROJECT ABSTRACT**

**Title:** New Mexico Level I Health Insurance Exchange Establishment Grant  
**CFDA #:** 93.525    **FON #:** IE-HBE-11-004  
**Applicant:** New Mexico Department of Human Services  
**Address:** P.O. Box 2348 Santa Fe, NM 87504    **Congressional Districts Served:** NM 1, 2,3  
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**Project Dates for Project Completion:** November 15, 2011-November 14, 2012

New Mexico is applying for a Level I Health Insurance Exchange Establishment Grant to establish the New Mexico Health Insurance Exchange (NMHIX). The applicant organization is the New Mexico Human Services Department (HSD) - the cabinet agency responsible for Medicaid, Information Technology Division (ITD), OHCR, Income Support, Child Support Enforcement, Behavioral Health, Supplemental Nutrition Assistance Program (SNAP), Low Income Energy Assistance Program (LIHEAP) and other health and social services programs.

Of New Mexico's population of two million, Medicaid covers 550,000, Medicare covers 300,000 and 430,000 are uninsured. Of the uninsured, an estimated 175,000 will become eligible for Medicaid and up to 250,000 for NMHIX between 2014 and 2020. It is estimated that as many as 135,000 of the uninsured will enroll in 2014 (80,000 through the expansion of Medicaid, and 55,000 through the NMHIX).

Funding will allow the state to develop and establish the NMHIX over the next 12 months and meet the timelines for certification and operation by 2014. The objectives for the NMHIX Level I establishment grant are to:

- Refine the NMHIX vision and objectives to comply with laws and regulations.
- Amend state law as necessary to comply with federal law.
- Secure staff and consultant resources for NMHIX planning, development, implementation, operations, and stakeholder engagement.
- Develop and implement a multi-year NMHIX business and operational plan, including the activities, timelines, and benchmarks, including the IT infrastructure and functionality necessary to fully operate in 2014.
- Develop systems and program capacity in each core area to achieve NMHIX federal certification by January 2013.
- Submit a Level II Exchange grant in March, 2012
- Begin NMHIX operations in 2014.
- Determine funding mechanisms to be self-sustaining by 2015.

NMHIX is tailored to meet the diverse needs of New Mexicans, be high quality and cost-efficient, and self-sustaining without raising taxes. NMHIX complements and expands the commercial insurance market, streamlines government bureaucracy and regulation, and facilitates private sector solutions.

**NEW MEXICO HEALTH INSURANCE EXCHANGE LEVEL I GRANT**

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## ACRONYMS

DOH	New Mexico Department of Health
DOI	New Mexico Division of Insurance
DWS	New Mexico Department of Workforce Solutions
HSD	New Mexico Human Services Department
HSD/OoS	New Mexico Human Services Department Office of the Secretary
IAD	New Mexico Indian Affairs Department
ILC	Interagency Leadership Committee
ISD	Income Support Division
ISD2R	Integrated System Delivery Replacement Project
MMIS	Medicaid Management Information System
NMHIA	New Mexico Health Insurance Alliance
NMHIX	New Mexico Health Insurance Exchange
NMMIP	New Mexico Medical Insurance Pool
OHCR	New Mexico Office of Health Care Reform
MAD	New Mexico Medical Assistance Division
RWJF	Robert Wood Johnson Foundation
SCI	State Coverage Insurance

## **PROJECT NARRATIVE**

### **INTRODUCTION**

The Affordable Care Act (ACA) allows states to develop Health Insurance Exchanges to help individuals and small businesses purchase health insurance. With this application, New Mexico seeks funding to modernize the state's health insurance market based on the fundamental principles of real consumer choice, competition, shared responsibility, and value to create the New Mexico Health Insurance Exchange (NMHIX).

In August 2011, Governor Susana Martinez appointed a new Director of the New Mexico Office of Health Care Reform (OHCR). OHCR is housed in the Human Services Department Office of the Secretary (HSD/OoS), providing direct access to executive leadership and promoting coordination between agencies including the Division of Insurance (DOI) and the Department of Health, and with HSD Divisions including Medical Assistance (MAD), Income Support (ISD), Information Technology (ITD), and Administrative Services (ASD).

OHCR develops practical solutions for New Mexico's health system to improve health outcomes and delivery systems as the state launches its implementation strategy for health care reform. OHCR priorities include developing the New Mexico Health Insurance Exchange (NMHIX), modernizing Medicaid and enhancing the state's health workforce.

New Mexico faces barriers to develop and implement NMHIX including a high rate of uninsured (23%, 49<sup>th</sup> of 50 states), a majority of its small businesses do not offer health insurance to employees, significant poverty (2<sup>nd</sup> highest in the nation), poor educational attainment, health workforce shortages (32 of 33 counties are federally designated health professions shortage areas), and language and cultural barriers.

Of New Mexico's population of two million, Medicaid covers 550,000, Medicare covers 300,000 and 430,000 are uninsured. Of the uninsured, an estimated 175,000 will become eligible for Medicaid and up to 250,000 for NMHIX between 2014 and 2020. An estimated 135,000 uninsured will enroll in 2014; 80,000 through Medicaid expansion, and 55,000 in the NMHIX.

NMHIX is tailored to meet the diverse needs of New Mexicans, be high quality and cost-efficient, and self-sustaining without raising taxes. NMHIX complements and expands the commercial insurance market, streamlines government bureaucracy and regulation, and facilitates private sector solutions. Insurance regulation reform fosters a modernized, transparent and accountable system to assure high quality, value and cost efficiency.

To successfully develop and implement NMHIX, and to overcome the barriers to establishing an Exchange, New Mexico seeks Level I Establishment grant funding of \$34,279,483.

## **A. DEMONSTRATION OF PROGRESS IN EXCHANGE PLANNING GRANT CORE AREAS**

### **1. Background Research**

New Mexico conducted in depth planning and research activities over the past year to:

**Develop a Fiscal/Actuarial/Modeling Tool** - HSD and OHCR used a fiscal, actuarial, and population tool based on the current environment to assist in NMHIX planning and development. This tool makes projections based on current data, and forecasts what might happen with an Exchange and Medicaid expansion. The tool projects how an Exchange might affect individual and employer sponsored health insurance, and how it might affect Native Americans, insurance and provider markets, state budget, stakeholders, the uninsured and those ineligible or choosing not to participate. Costs, savings, and revenues with and without ACA health care reform are compared based on a set of assumptions.

**Conduct Market Analysis for New Mexico 2011 versus 2014** ó Using data from the U.S. Census Bureau, DOI, HSD, health insurance carriers, the Centers for Medicare and Medicaid Services, and the University of New Mexico Bureau of Business and Economic Research, OHCR completed a comprehensive health insurance market analysis (Table 1). Table 2 shows population projections by age group, and Table 3 the number of uninsured by percentage of the federal poverty level (FPL) and age.

**Assess the New Mexico Individual and Small Group Market** - Through a contract with Resources for Change, and focus groups with NM health insurance carriers, OHCR assessed the New Mexico individual and small group health insurance market, including a study of available plan designs, benefit packages, payment models, and currently purchased plans.

**Receive Robert Wood Johnson Foundation Technical Assistance** - RWJF selected New Mexico as one of 10 states to receive extensive NMHIX technical and planning assistance.

**Survey Uninsured New Mexicans** - Research and Polling, Inc., conducted a random survey of 752 uninsured New Mexicans to assess their awareness and opinions regarding an Exchange. Key findings of the survey include:

- Cost is the primary barrier to enrollment and the primary driver when choosing a health plan; 77% say they do not have insurance because they cannot afford it;
- Most uninsured New Mexicans are likely to use an Exchange if it were available; 81% say they would be very or somewhat likely to seek out information from an Exchange if it existed; 55% would feel comfortable purchasing insurance from an Exchange;
- There is a lack of awareness about the Affordable Care Act (ACA) and the concept of an Exchange; 40% were unaware of the ACA; only 13% said they had paid much attention to the details of the reform law; and
- Many New Mexicans lack internet access; 36% use no internet inside or outside of the home, the third lowest rate in the nation.

These findings underscore the importance of customer assistance to navigate the Exchange.

**Table 1. NM Health Insurance Coverage 2011 vs. 2014. Adapted by NM OHCR**

	BCBS	LHP	Molina	PHP	United	Amerigroup	Other	2011 Total	2014
Medicaid Salud	24,000	79,000	72,000	155,000	0	0		330,000	430,000
Medicaid CoLTS	0	0	0	0	19,000	20,000		39,000	40,000
(Medicaid) SCI	0	12,000	16,000	14,000	0	0		42,000	0
Medicaid Other	0	0	0	0	0	0		139,000	150,000
Medicaid Expansion	0	0	0	0	0	0		0	80,000
<b>Medicaid Totals</b>	<b>24,000</b>	<b>91,000</b>	<b>88,000</b>	<b>169,000</b>	<b>19,000</b>	<b>20,000</b>		<b>550,000</b>	<b>700,000</b>
Uninsured	0	0	0	0	0	0		430,000	350,000
CHAMPUS / TriWest	0	0	0	0	0	0		60,000	65,000
Medicare Advantage	5,000	29,000	1,000	32,000	13,000	0		80,000	85,000
Medicare Other	0	0	0	0	0	0		220,000	230,000
Commercial Insurance	363,000	95,000	0	206,000	150,000	0	36,000	850,000	855,000
NMHIX Individual									20,000
NMHIX SHOP									35,000
Subtotals	392,000	215,000	89,000	407,000	182,000	20,000			
<b>TOTAL</b>								<b>2,190,000</b>	<b>2,340,000</b>

BCBS - BlueCross BlueShield of New Mexico; LHP - Lovelace Health Plan  
 PHP - Presbyterian Health Plan; United CoLTS - Evercare; CoLTS - Coordination of Long Term Care Services  
 Medicaid Other - includes non-Salud Native Americans, newly enrolled but not yet assigned to Salud, presumptive eligibility, others.

**Table 2. NM Population Projections by Age Group. NM Bureau of Business & Economic Research**

Age Groups	2010	2015
0 ó 4 years	149,872	168,091
5 ó 19 years	428,487	432,024
20 ó 44 years	711,336	758,623
45 ó 64 years	597,290	665,358
65+ years	275,346	332,140
<b>TOTAL</b>	<b>2,162,331</b>	<b>2,356,236</b>

**Table 3. NM Uninsured by FPL 2009. US Census Bureau Current Population Survey**

AGE	Percentage of the Federal Poverty Level					TOTAL
	Below 100%	100-199%	200-299%	300-399%	400% +	
0 - 17 yrs.	40,194	13,955	8,633	5,108	3,104	71,024
18 ó 64 yrs.	112,566	92,753	63,652	28,339	51,391	348,704
65+ yrs.	2,544	2,633	872	899	1,574	8,521
<b>TOTAL</b>	<b>155,304</b>	<b>109,341</b>	<b>73,187</b>	<b>34,346</b>	<b>56,069</b>	<b>423,249</b>

## **2. Stakeholder Consultation**

Over the past year, New Mexico established a comprehensive, ongoing process for stakeholder input for NMHIX establishment. The OHCR maintains a website with HIX information for the public and stakeholders at <http://www.hsd.state.nm.us/nhcr/nhcrlao.htm>. The OHCR coordinates meetings, meets with stakeholder group chairs, and posts minutes and reports on the website. Stakeholders provided substantial input to this application.

To assure broad stakeholder input, planning grant funds were used to consult with a variety of key stakeholders in the planning, establishment and ongoing operations of an Exchange. HSD solicited applications to provide professional services to facilitate, collect and analyze public input. Contracts were executed, and formal reports submitted to inform the state's development of an Exchange by 13 contractors in the following areas: Behavioral Health, Consumers, Disability, Insurance Market Analysis, Providers, Lesbian/Gay/Bisexual/Transgender, Sex and Gender, Small Employers, Spanish Speaking, Tribal, Off Reservation, Uninsured, Young Adults and Marginally Employed. Constituents from across New Mexico gave input on how an Exchange might best fit state needs. The reports were posted on the OHCR website.

New Mexico received Native American stakeholder input. New Mexico's State Tribal Consultation statute, SB 196, requires state agencies to consult, communicate and collaborate with the 22 Tribes in NM through a government-to-government policy.

Governor Susana Martinez hosted the annual Native American summit in September 2011. Topics included Medicaid Modernization, Health Care Reform and Health Disparities. OHCR hosted two Native American Stakeholder committee gatherings and held a formal Tribal Consultation. In the 2011 Legislative Session, House Joint Memorial 40 was passed and signed into law. It requests that the 22 Tribes, Nations and Pueblos, Off-Reservation Health Commission and other Indian health stakeholders work collaboratively to plan and capitalize on the opportunities to reform health care for American Indians in New Mexico, and provides a framework for ongoing engagement. The OHCR has a Health Care Reform Tribal Liaison on staff and has made provisions in this proposal to expand services to the 22 Tribes through the establishment of a Native American Service Center within the NMHIX.

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## **3. State Legislative/Regulatory Actions**

In the 2011 legislative session, the House and Senate passed SB 38/370 to establish the New Mexico Health Insurance Exchange. Governor Martinez vetoed the bill. The veto message indicated that the Governor supports "creation of a framework of a state insurance Exchange" as it was important for the state, and not the federal government, to "control the design of the market based Exchange." The Governor raised concerns about the substantial costs of establishing and maintaining an Exchange, and that the federal rule had not been promulgated.

Now that HHS has released the *proposed* Health Insurance Exchanges and Qualified Health Plans rule, Governor Martinez supports seeking establishment grant funding for a New Mexico Health Insurance Exchange. To meet federal timelines, NMHIX will use an established quasi-governmental entity, the New Mexico Health Insurance Alliance (NMHIA) for its Exchange.

SB 208, a bill to support a more stringent and transparent DOI rate review process, was passed in the 2011 legislative session, and signed into law by the Governor. The DOI submitted a Level I Rate Review application to enhance the rate review and regulatory processes with a letter of support from the Governor. DOI received a notice of grant award in September for \$3 million. SB 89 was enacted in 2011 to allow large and small employers, or a combination of several employers to form health insurance cooperatives regulated by the DOI.

With expansion of health coverage through Medicaid and the establishment of HIX through ACA provisions, demand on health providers will increase. To prepare, the New Mexico legislature passed, and Governor Martinez signed, SB 14 to collect health care work force data at the time of licensing and renewal. Using licensing data alone overestimates health work force supply because having an active license does not equate to provision of direct patient care. Some licensed health professionals keep their licenses active after they retire, others provide care in another state, and many work part time, or are engaged in teaching, research or administrative activities that decrease their effort in direct patient care.

Full time equivalent (FTE) direct patient care health provider data by community will inform policy to address workforce shortages and distribution problems. OHCR, DOH and the Department of Workforce Solutions (DWS) analyze workforce data collected by licensing boards (medical, nursing, dental). DWS has a planning grant to support this effort. DOH is creating the IT design to analyze the data. Health professions shortage areas (HPSA), and medically underserved areas/populations (MUA/P) designations are undergoing a federal negotiated rulemaking process. This will change the scoring criteria used to make funding decisions for 38 federal programs such as the National Health Service Corps loan repayment and scholarship programs critical to attract doctors and nurses to practice in rural areas.

However, increasing the number of providers alone will not improve access to care in remote areas. New models of care are needed. In 2009 HB 710 was enacted to create patient centered medical home pilots for the state's Medicaid, CHIP and State Coverage Insurance (SCI) Plan. The intent is to move from fee-for-service care that increases cost, volume and intensity of service, to develop payment reform rewarding coordination and integration of services.

#### **4. Governance**

NMHIA was created by the legislature in 1994 as a nonprofit public corporation:

*“The purpose of the Health Insurance Alliance Act is to provide increased access to voluntary health insurance coverage for small employer groups in New Mexico. An additional purpose of the Health Insurance Alliance Act is to provide for access to voluntary health insurance coverage for individuals in the individual market who have met eligibility criteria established by that Act.”* (NMSA 1978, §59A-56-1 to -25)



By statute, the current NMHIA board has 15 directors:

- Nine directors appointed by the Governor (five representing small employers, and four representing employees of small employers);
- Five directors appointed by health insurance companies (two representing health maintenance organizations and three representing other types of insurance companies);
- Superintendent of Insurance (nonvoting except when necessary to break a tie)

Legislation can be introduced if necessary to assure compliance with the Health Insurance Exchange and Qualified Health Plans *final* rule when it is promulgated. NMHIX will work closely with OHCR, HSD and DOI to develop and implement core functions.

## **5. Program Integration**

OHCR established an Interagency Leadership Committee (ILC) with representatives from executive branch agencies impacted by ACA. Among others, the ILC includes the DOH Cabinet Secretary, DOH Chief Information Officer and State Health Information Technology Coordinator, HSD Chief Information Officer, Medicaid Deputy Director, DOI Deputy Superintendent and Executive Director of the Department of Workforce Solutions (DWS). The CIO and HIT Coordinator are actively involved in IT aspects of NMHIX development.

New Mexico has strong interagency HIX coordination. This includes a shared vision and approach for IT infrastructure and a common work plan for systems implementation. To coordinate the planning activities of state agencies, OHCR convenes and chairs the biweekly Interagency Leadership Committee (ILC). The ILC works efficiently to develop the systems, operational policies, and planning activities to achieve a "no wrong door" approach to eligibility and enrollment for Medicaid and NMHIX. The key ILC state agencies represented include:

***New Mexico Human Services Department (HSD)*** - HSD Divisions: Medical Assistance (MAD), Information Technology (ITD), Income Support (ISD), OHCR; and Programs: Supplemental Nutrition Assistance Program (SNAP), Low Income Energy Assistance Program (LIHEAP), Child Support Enforcement, Behavioral Health, and other programs. HSD is the lead agency for development of Medicaid eligibility and enrollment IT interfaces with NMHIX. OHCR leads NMHIX planning and development activities.

***Public Regulation Commission, Division of Insurance (DOI)*** - is conducting a comprehensive health insurance rate review assessment. DOI contracted to collect data, and facilitate, collect and analyze public input from consumer stakeholders. These inform the DOI about health insurance premiums and consumer protections. DOI is enhancing its consumer assistance program; assisting consumers with filing complaints and appeals; helping individuals enroll in health plans; and educating consumers on their rights and responsibilities for group and individual health plans.

***New Mexico Department of Health (DOH)*** - is responsible for the state's public and preventive health programs, certain Medicaid programs, health facility licensing and certification, and other health care programs. DOH's Chief Information Officer assists HSD, OHCR and NMHIX with IT activities. DOH provides health work force data, and tracks federal ACA grant opportunities, agency applications, and successful funding.

***New Mexico Indian Affairs Department (IAD)*** - New Mexico is the only state with a Cabinet level Indian Affairs Department. It is recognized as a national model for state-tribal relations. New Mexico enacted SB 196, the State-Tribal Collaboration Act in 2009. It codified an effective and comprehensive structure to ensure positive government-to-government relations, collaboration and communication between tribal governments and state agencies, and cultural competency in the provision of state services to Native Americans.

HSD worked with the IAD to promote effective consultation, communication and collaboration between state agencies and the 22 Tribes, Nations, and Pueblos in New Mexico. Positive government-to-government relations build on mutually respectful relationships between the Secretaries of HSD, IAD and Tribal leadership. OHCR conducted tribal consultation for health care reform initiatives including NMHIX that impact AI/AN. Funding is requested for a Native American Assistance Center to address Native American health issues and specific provisions of the ACA including the permanent reauthorization of the Indian Health Care Improvement Act as related to NMHIX development and implementation.

## **6. Exchange IT Systems**

New Mexico has already begun IT planning activities for the NMHIX. OHCR established an Information Technology (IT) Advisory Group in 2010 to provide input and recommendations regarding information technology needs and implications of the ACA, and will rely on the Group as it establishes NMHIX.

The IT Advisory Group has the following focus areas:

- Assuring Privacy and Security
- Using Technology for a Virtual One Stop Shop for Users to Purchase Insurance
- Defining the Relationship Between the NMHIX and HSD's Other Information Exchanges for Medicaid, CHIP, SCI and Other Programs
- Integrating Eligibility and Enrollment Systems  
Creating Portability of Information
- Understanding the Relationship between Health IT and Reform Activities

***Integrated System Delivery Replacement Project (ISD2R)*** - HSD contracted with Deloitte Consulting, LLP for ISD2R and began the planning phase in September 2011. It replaces the current HSD automated eligibility determination, benefit delivery and case management system (ISD2) that supports public assistance program administration for Medicaid, the Children's Health Insurance Program (CHIP), Supplemental Nutrition Assistance Program (SNAP), cash assistance and other human services programs. ISD2R adheres to federal Medicaid eligibility determination, Health Insurance Portability and Accountability Act (HIPAA) rules, Section 504 and 508 accessibility requirements, and Section 1561 recommendations from the Department of Health and Human Services (DHHS). New Mexico will leverage best practices with the new system based on Deloitte's implementation of similar systems in other states. The new ISD2R eligibility system will interface with NMHIX.

**Medicaid Management Information System/Omnicaid (MMIS)** – The MMIS IT gap analysis revealed deficits that must be addressed to conform with ACA regulations, and interface with the NMHIX. MMIS, called “Omnicaid” maintains provider and client eligibility information; processes and adjudicates claims; issues remittance advice; lists claims that a provider has submitted and been processed, pending, paid or denied (and the reason for payment denial). Affiliated Computer Systems (ACS) is owned by Xerox and provides fiscal agent operations for the Medicaid fee-for-service programs through a contract with HSD’s Medical Assistance Division. ACS enrolls providers, processes and pays claims, responds to provider inquiries, and maintains the NM Medicaid web portal.

HSD is in the process of re-procuring MMIS maintenance and support services. MMIS is a suite of systems handling Medicaid, CHIP and SCI enrollment with managed care organizations by providing monthly eligibility rosters, making capitation payments from HSD to MCO vendors, processing claims, and warehousing data. The system provides real time Medicaid enrollment verification. Eligibility, enrollment and claims status can also be verified by subscribing to HealthXNet, an online system offered by the Hospital Services Corporation, a wholly owned subsidiary of the New Mexico Hospital Association.

New Mexico will migrate from the antiquated mainframe platform to ensure a modular, flexible approach to systems development - using open interfaces and exposed application programming interfaces; conforming to a Service Oriented Architecture (SOA); separating business rules from core programming; creating business rules in both human and machine readable formats; and implementing interoperable, standards-based services that can more easily be combined and reused. It follows appropriate software development lifecycle (SDLC) methodology.

To meet federal requirements, the NMHIX eligibility, enrollment, and the shop and compare IT functions may require new procurement, sole source, or an amendment to an existing contract. MMIS will interface with NMHIX.

## **7. Financial Management**

New Mexico has administrative policies and statutory and regulatory provisions to ensure appropriate financial management of grant funds. Grant funds are administered following comprehensive written procedures approved by the Department of Finance and Administration to document all major aspects of the financial management system. This includes quality assurance and oversight to make sure the system disburses, tracks, and accounts for grant disbursements.

NMHIA must submit an annual operations plan for DOI review and approval. The plan includes procedures for the handling and accounting of NMHIA assets, records of all financial transactions, and an annual fiscal report to the DOI. The NMHIA will be subject to DOI oversight and auditing. No later than March 1 of each year, the NMHIA must submit an audited financial report for the preceding calendar year to DOI in its approved format.

NMHIX will adhere to HHS financial monitoring activities for the grant, and begin defining the financial management structure and the scope of activities required to comply with requirements. The financial management structure will include hiring experienced accountants to support the financial management of the Exchange, and respond to audit requests and inquiries by the Secretary and the Government Accountability Office.

The HSD Administrative Services Division provided financial monitoring activities for the HIX Planning Grant. ASD provides the operational infrastructure to support HSD divisions in administering programs and services. HSD receives over \$4 billion dollars in funding annually and maximizes accountability through efficient and well-constructed business processes. ASD oversees HSD finances and property including budget, procurement, accounting, payments, billing, revenue collection, federal grant reporting, and property and material management.

### **8. Program Integrity**

Governor Martinez insists on accountability and transparency for all public programs. New Mexico will ensure NMHIX program operations and management integrity, and that federal grant dollars are expended as budgeted in its grants and contracts. New Mexico is committed to developing and implementing a full NMHIX plan to prevent fraud, waste, and abuse. Program integrity details will be developed as part of the Level I HIX Establishment grant activities.

### **9. Health Insurance Market Reforms**

The Department of Health and Human Services (HHS) determined that New Mexico has an effective rate review program in August, 2011. DOI received a \$1 million rate review federal planning grant in 2010 to implement ACA disclosure and review requirements. In September, 2011, DOI received a notice of grant award of \$3 million to further develop its capacity to review rate increases and engage the public in the process.

New Mexico enacted SB 208, a rate review law in 2011, effective January 1, 2012. It amends several sections of the New Mexico Insurance Code and provides the substantive basis for granting or denying a proposed rate increase. It requires increased transparency and a stricter review process for health insurance companies seeking to increase rates for New Mexico consumers. Insurers must receive the Superintendent's approval for the rates they charge for health insurance or health care plans. The information is posted on the DOI website. The Superintendent of Insurance must consider the company's overall financial situation, whether it has complied with the state's medical loss ratio standards, and if changes have been made to the benefit package or plan design when approving rate increases.

The law requires insurance companies to explain rate increases in language that the average consumer can understand. Insurers must notify policyholders and beneficiaries of proposed rate increases. The state must provide a 30-day comment period to a proposed rate increase. DOI sets time limits on the review process to assure timely decisions. DOI is conducting a comprehensive review state health insurance laws to determine legislation needed to conform with ACA.

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

Several NM organizations help consumers file complaints and grievances and offer consumer protections. There are ongoing activities to educate consumers, businesses, health care providers, and others about health coverage and reform.

The DOI received a Consumer Assistance Program Grant to develop outreach materials and program information; provide additional resources and training for an ombudsman and staff; develop IT systems for consumer assistance; contract for interpreter services; create a hotline; facilitate rulemaking and rule changes needed to implement the Uniform Health Carrier External Review Model Act; and assist the Superintendent of Insurance with the selection of an independent review organization to be used for adverse appeals. DOI established a consumer stakeholder advisory committee to plan and assist with the grant activities.

In addition to Consumer Assistance Program activities through DOI, the Call Center and Navigators will coordinate with DOI to provide consumer assistance. Additional consumer assistance will be provided through a Native American Assistance Center.

## **11. Business Operations/Exchange Functions**

NMHIX business processes, and the associated business requirements for the HIX IT system, will be developed for eligibility and enrollment, plan management, financial management, customer service, communications and oversight, and business operations.

NMHIX design and implementation will be driven by the guiding principles of real choice for consumers, cost-efficiency, competition, quality, value, customer satisfaction and wherever possible, be implemented through private sector solutions. New Mexico is analyzing NMHIX design, and is working with RWJF technical assistance teams. Table 4 outlines current progress in each major functional area.

**Table 4. New Mexico Health Insurance Exchange (NMHIX) Functional Areas.**

<b>NMHIX Function</b>	<b>Planning Progress to Date</b>
QHP Certification, Recertification, Decertification	OHCR meets regularly with the Division of Insurance (DOI) to develop processes. RWJF provides technical assistance.
Call Center	RWJF provides technical assistance on approaches used in other states. OHCR is evaluating options to expand the capacity and functionality of existing entities such as the one used by HSD for Medicaid and CHIP.
Exchange Website	OHCR website completed. NMHIX IT vendor will create website components. ILC reviews other state HIX websites.
Premium Tax Credit and Cost-Sharing Reduction Calculator	The ILC is researching development options.
Quality Rating System	OHCR and DOI are conducting the analysis and will work with the Albuquerque Coalition for Healthcare Quality for assistance.
Navigator Program	Input was requested and received from the stakeholder groups including the broker/agent community to design a navigator program. RWJF technical assistance requested for approaches used in other states.
HIX Eligibility Determination, Advance Payment of Premium Tax Credits, Cost-Sharing Reductions, and Medicaid	ILC is reviewing proposed federal regulations and developing state response in partnership with stakeholders.
Seamless Eligibility and Enrollment Process With Medicaid and Other State Health Subsidy Programs	HSD and ILC are working on IT issues related to the ñno-wrong doorö approach. In September, HSD contracted with Deloitte to replace the Medicaid/CHIP eligibility system (ISD2R). HSD is in the re-procurement process to upgrade its Medicaid/CHIP enrollment, capitation and claims transaction system (MMIS). Contract provisions include HIX IT development, contingent upon this grant's funding.
Enrollment Process	OHCR is reviewing proposed federal regulations and developing state response in partnership with stakeholders.
Applications and Notices	OHCR is reviewing proposed federal regulations and developing state response in partnership with stakeholders.
Individual Responsibility Determinations	ILC is collaborating with the state's Medicaid modernization initiative.
Administer Premium Tax Credits Cost-Share Reductions	OHCR is reviewing proposed federal regulations and developing state response in partnership with stakeholders.
Adjudication of Appeals of Eligibility Determinations	OHCR is working with DOI to review proposed federal regulations and develop the state's response in partnership with stakeholders.
Notification and Appeals of Employer Liability	Reviewing proposed federal regulations and developing state response in partnership with stakeholders.
Information Reporting to IRS and Enrollees	Reviewing proposed federal regulations and developing state response in partnership with stakeholders.
Outreach and Education	Input requested from stakeholder groups. Reviewed state models.
Risk Adjustment and Transitional Reinsurance	Input requested from stakeholder groups. Engaged high risk pool.
SHOP HIX-Specific Functions	NMHIX will include SHOP. Input requested from stakeholder groups.

## **B. PROPOSAL TO MEET PROGRAM REQUIREMENTS**

Level I establishment grant funding will allow New Mexico to develop and establish the NMHIX over the next 12 months. Consultants will develop a comprehensive NMHIX business and operational plan. The IT infrastructure requires significant lead time. The plan will allow the state to meet the goals and timelines for NMHIX certification and operation by 2014.

The objectives for the NMHIX Level I establishment grant are to:

- Refine the NMHIX vision and objectives to comply with laws and regulations.
- Amend state law as necessary to comply with federal law.
- Secure staff and consultant resources for NMHIX planning, development, implementation, operations, and stakeholder engagement.
- Develop and implement a multi-year NMHIX business and operational plan, including the activities, timelines, and benchmarks, including the IT infrastructure and functionality necessary to fully operate in 2014.
- Develop systems and program capacity in each core area to achieve NMHIX federal certification by January 2013.
- Submit a Level II Exchange grant in March, 2012
- Begin NMHIX operations in 2014.
- Determine funding mechanisms to ensure self-sustainability by 2015.

New Mexico envisions a free market approach to the NMHIX that creates a retail shopping experience with robust service capabilities such as the ability to shop by price, benefits and needs and to shop to enroll transaction scope. It offers real choices - for providers, in price and design, and benefits. It will provide consumer education, outreach, technical and enrollment assistance.

NMHIX will be a streamlined system, leaving regulatory functions to the DOI and other state entities. It will feature seamless portability between Medicaid and subsidized and unsubsidized private insurance plans for individuals and businesses. NMHIX will encourage plans to compete by providing comprehensive information on price, plans and providers. It will promote defined contributions by employers for employees' health premiums.

NMHIX will give New Mexicans real choices about coverage options to meet their needs. It will provide information on price and quality, and create new incentives for insurers and providers to compete for customers by having a wide range of plans to choose from on the menu.

**Core Areas:**

**1. *Background Research***

OHCR has begun work with the Robert Wood Johnson Foundation (RWJF) State Health Reform Assistance Network for creating eligibility processes; benchmarking benefit packages; implementing Modified Adjusted Gross Income (MAGI); assessing the impact of ACA provisions on Native Americans; measuring provider capacity; evaluating state regulatory impact; building SHOP functionality; designing outreach campaigns; using navigator systems and call centers; assuring that governance and conflict of interest policies comply with laws and regulations; and identifying best practices from other states related to insurance, payment and delivery system reforms.

New Mexico will further develop detailed NMHIX planning parameters and analysis to guide implementation, including:

- Estimating the number of individuals eligible to participate in the NMHIX and rates of coverage by age, gender, health status, income, geography, employment status, and for employed persons, by the size of the employing firm.
- 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.
- Measuring Native American enrollment using Indian Health Service data and Native American provisions and exemptions.
- Tracking the number of residual uninsured - due to affordability, inability to sign-up, and individuals who may be ineligible for HIX.
- Assessing individual and small group market conditions, including competition by carriers, rating laws, other regulatory and legal concerns.
- Analyzing CO-OP program impact.
- Retaining or eliminating some or all state benefit mandates in QHP design.
- Measuring major stakeholder impact in terms of coverage, cost, and payment. Stakeholders include employers, health providers, health care consumers, insurance carriers and brokers doing business in New Mexico.
- Determining the NMHIX fiscal impact on the economy and for state agencies.
- Assessing the impact of merging small and individual markets into NMHIX.
- Mitigating the financial impact of adverse selection.

The OHCR and NMHIX will conduct or contract for additional research and technical analysis for operational development and implementation activities.



## **2. Stakeholder Consultation**

New Mexico will continue comprehensive, transparent stakeholder engagement during planning and implementation. The following lists the most active stakeholder groups:

- Behavioral Health - includes advocacy groups and individuals.
- Consumers - includes individual consumers and consumer advocacy group representatives. This has emphasized reform impact on the low-income, uninsured and the Medicaid eligibility and enrollment ño wrong doorö interface with NMHIX.
- Small Business - includes small business representatives and focuses on ensuring the NMHIX is user friendly and cost-efficient for small businesses.
- Native Americans - includes representation from tribes, pueblos and Native American advocacy organizations, and assists with formal tribal consultation.
- Medicaid - coordinates closely with NMHIX development, including the eligibility and enrollment IT interfaces, and plans for consumer assistance, outreach and education.
- Insurers - includes each major health insurer in New Mexico, as well as brokers and agents, and addresses NMHIX regulatory and operational issues.
- Providers - includes hospitals, physicians, nurses, home health and hospice, long-term care, and behavioral health. The group ensures a high quality, accessible and cost-efficient NMHIX which does not adversely impact providers or patients.
- Information Technology - includes public and private sector IT professionals. The group provides input on how to develop the NMHIX IT systems, and interface with the Medicaid IT systems used for eligibility (ISD2R) and enrollment (MMIS) processes.

Stakeholder group meetings will be coordinated by the OHCR in partnership with the NMHIX. Working groups will be held as NMHIX is established to ensure substantial stakeholder input. Meetings with the stakeholder group chairs allow cross-sector collaboration. OHCR and NMHIX will make presentations, utilize websites, and share information with legislators, stakeholders and the public on Exchange planning and implementation activities.

## **3. State Legislative/Regulatory Actions**

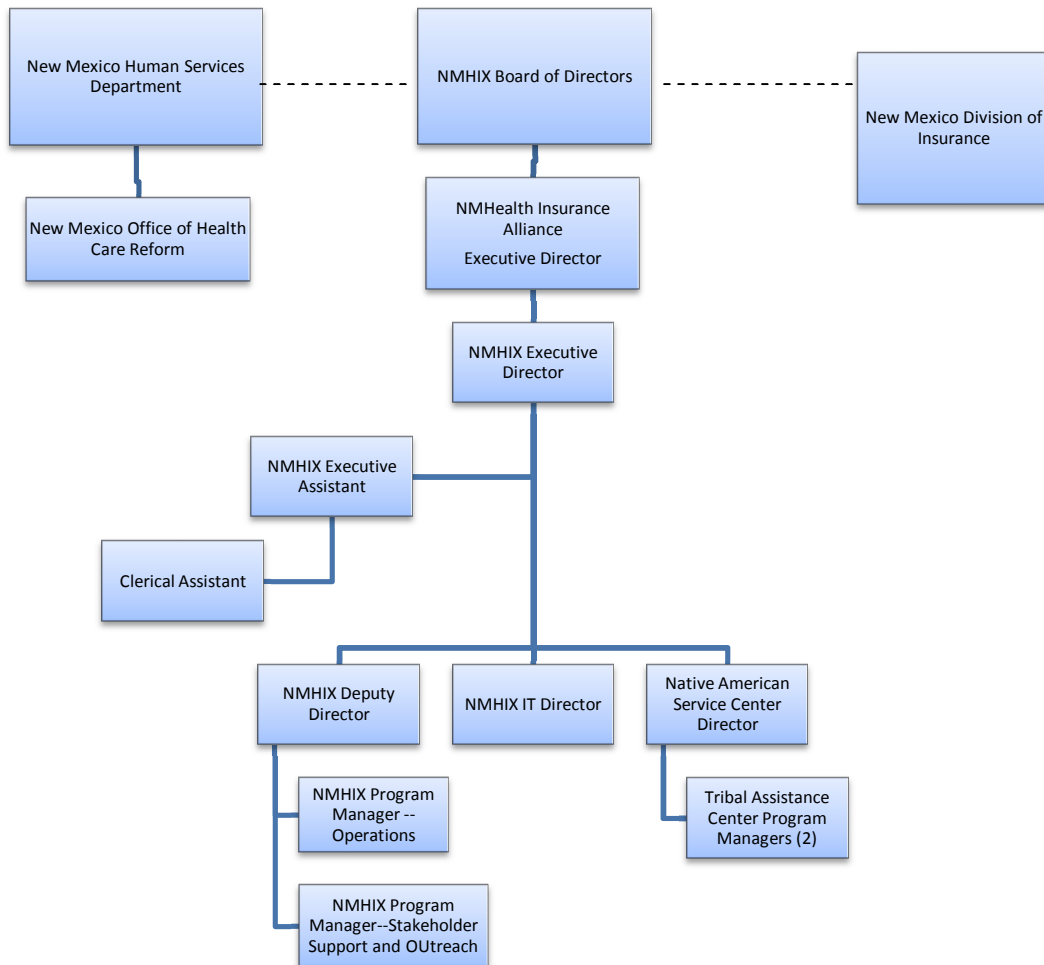
Existing NMHIA statutes provide sufficient legal authority for NMHIX planning and development activities. Statutory modifications may be necessary to comply with yet to be promulgated Exchange and QHP regulations. NMHIA, DOI and OHCR are reviewing current statute and proposed HIX rules to comply with statute and regulations. Because the final HIX rule has not been promulgated, statutory changes, if necessary, will be made during the NMHIX establishment period.

## **4. Governance**

The NMHIX will be housed in the New Mexico Health Insurance Alliance. NMHIA is a statutorily created nonprofit public corporation with a 15-member board. During the establishment grant period, a full assessment of the current bylaws, board appointments, conflict of interest policies and possible statutory changes will be made. This includes assuring that board members have the appropriate expertise and a balanced perspective. NMHIX will provide periodic reports to the Governor's office and to the Legislature on the status and operations to allow strong oversight and transparency. Using an existing quasi-governmental entity will allow rapid development and implementation of the NMHIX in a cost-effective manner.

OHCR will serve as the coordinating entity among all private and public partners for oversight of NMHIX development and implementation. A Memorandum of Understanding (MOU) between the OHCR, HSD, DOI, and NMHIA will be executed. Figure 1 illustrates the NMHIX organizational chart.

**Figure 1: NMHIX Organizational Chart**



**5. Program Integration**

New Mexico is committed to an integrated and coordinated approach to the NMHIX. The MOU between the appropriate entities will delineate the specific functions, roles and duties for the NMHIX establishment activities. These are summarized in Table 5. The MOU will be modified as necessary as the planning progresses over the next twelve months.

OHCR chairs the Interagency Leadership Committee (ILC) to coordinate all aspects of NMHIX establishment. As the NMHIX staffing is developed at NMHIA, they will be added to the ILC. Project planning will deploy workgroups for operational plans, information technology, marketing and outreach, insurance regulatory issues, and others to establish NMHIX.

OHCR and NMHIX works closely with the New Mexico Health Information Exchange (HIE), the New Mexico Health Information Collaborative (NMHIC) and the New Mexico Health Information Technology Regional Extension Center (HITREC) all operated by LCF Research - a nonprofit organization serving as the state's designated HIE. Meaningful health reform will require the adoption and meaningful use of electronic health records (EHR) throughout the state, and appropriate HIPAA compliant access to health information to reduce duplication of tests, imaging, and other procedures when a patient shows up in another facility. HSD oversees the Medicaid payment to meaningful use certified EHR physicians and hospitals.

***NMHIX Patient Centered Medical Home Initiative*** – In 2014, using a low take up scenario, an estimated 80,000 uninsured New Mexicans will enroll in Medicaid, and 55,000 will be insured through offerings on the NMHIX. By 2020, there will be up to 175,000 added to Medicaid and 250,000 through the Exchange. This will increase demand on the clinical provider system by 25%. New Mexico has a pressing shortage of primary care and specialty physicians, nurses, dentists and other health providers, with all but one county federally designated as Health Professions Shortage Areas. The pipeline to produce primary care providers ó physicians (family physicians, general internal medicine, general pediatrics, geriatrics), family nurse practitioners, and primary care physician assistants will not keep pace with increased demand.

Funding is requested to include the NMHIX in the medical home pilots in the state's Medicaid, CHIP and SCI programs. The Patient Centered Medical Home facilitates partnerships between individual patients and their personal physicians, and when appropriate, the patient's family. Care is facilitated by a team of providers and includes registries of patients chronic diseases such as diabetes, meaningfully uses EHR's, and participates in health information exchange to assure that patients get the indicated care when and where they need and want it.

Studies show that previously uninsured populations have pent up demand, that building care on a solid primary care foundation both improves quality and helps control cost growth, that adults with a primary care physician had lower health care costs and were less likely to die from a chronic disease, and that when adults had health insurance and care provided through a medical home, racial disparities were reduced.

**Table 5. New Mexico Health Insurance Exchange Functions by Entity.**

Exchange Functions	DOI	HSD/ Medicaid	NMHIX
<b>Certification of QHPs</b>			
• Establish procedures for certification	X		
• Monitor ongoing compliance	X		
• Justify, approve rate increases	X		
• Review forms ó check that essential elements are included	X		
• Collect information from QHPs to meet transparency requirements (claims payment policies & practices, financial, enrollment data, claims denials, rating practices, cost-sharing, enrollee rights)	X		
• Implement certification/recertification/decertification process	X		
• Assess mandated benefits, essential benefits	X		
• Determine actuarial value of plans (bronze, silver, gold, platinum, or catastrophic)	X		
<b>Consumer Assistance Tools</b>			
• Establish Call Center (operate toll-free call center for consumers requesting assistance)			X
• Sec. 2715 materials (4-page coverage summary, standard terminology)			X
• Develop NMHIX website			X
• Create Exchange Calculator ó facilitates comparison of available QHPs after applicable premium tax credit and cost-sharing reduction			X
• Develop quality rating system ó enrollee satisfaction initiatives, performance measurement/public reporting			X
• Implement outreach and education		X	X
• External review pre-2014			X
• External review post-2014			X
<b>Navigator Program</b>			
• Establish program			X
• Determine licensing, certification or other standards	X	X	X
• Oversee navigators	X		X
• Administer navigator functions for Medicaid, NMHIX		X	X

<b>Table 5. Exchange Functions - Continued</b>	<b>DOI</b>	<b>HSD/Medicaid</b>	<b>NMHIX</b>
<b>Eligibility determinations and Enrollment – Standards, eligibility criteria in future rulemaking.</b>			
• QHP		X	X
• Advance payments of premium tax credit		X	X
• Cost-sharing reductions		X	X
• Medicaid		X	
• CHIP		X	
• Adjudicate eligibility determination appeals (future rulemaking) for Medicaid and NMHIX		X	X
• Assure seamless eligibility and enrollment process with Medicaid and other State health subsidy programs		X	X
• Develop, implement NMHIX enrollment, notice processes		X	X
<b>Responsibilities of Individuals and Employers</b>			
• Determine individual responsibility incentives / disincentives		X	X
• Develop notification and appeals of employer liability		X	X
<b>Administering Tax Credits and Subsidies</b>			
• Administer premium tax credits and cost-sharing reductions		X	X
• Administer subsidy ó reflect how subsidy gets paid.		X	X
• Report appropriate information to IRS and enrollees		X	X
<b>Risk Adjustment/Reinsurance/Risk Corridors</b>			
• Risk adjustment	X		X
• Reinsurance	X		X
• Risk corridors	X		X
<b>Contract with QHPs and CO-Ops to offer health insurance</b>			
• Licensing of CO-OPs	X		X
• Oversight	X		X
<b>Licensing and Oversight</b>			
• Enforce, oversee, regulate private health insurance products	X		
• License, oversee, regulate insurance risk-bearing entities	X		
• Medicaid managed care plans (if insure commercial population where applicable)		X	
• Enforce regulation for insurance products sold within and outside Exchange	X	X	X
• Assess market to measure adverse selection (e.g., market surveillance, market conduct exams, etc.)	X		X
• Review forms and reports	X	X	X
• Review rates	X		
• Oversee Multi-state plans (OPM) sold through Exchange (depending on regulations)	X		X
• Comply with pre-2014 insurance market reforms (9/23/10 provisions, MLR, etc.)	X	X	X
• Comply with post-2014 insurance market reforms (guaranteed issue, no pre-ex, community rating limits)	X	X	X
<b>Functions related to oversight and financial integrity requirements</b>			
• Comply with GAAP			X

## **6. Exchange IT Systems and Gap Analysis**

Significant IT gaps were identified in the state's current eligibility, enrollment, and fiscal transactions systems. The current Integrated Service Delivery eligibility system (ISD2) has been operating since 1986 with legacy technologies of COBOL, VSAM and CICS with program modules developed in the 1970s. The system is extremely difficult and costly to configure. The ISD2 system can no longer support business operations, nor comply with health care reform requirements. Failure to meet these requirements could impact services for 800,000 recipients. ISD2 contains over two million data elements and determines eligibility for benefits valued at over \$3.8 billion per year through over 40 categories of assistance. Continuing to rely on ISD2 risks catastrophic system failure.

New Mexico reviewed the *Guidance for Exchange and Medicaid Information Technology Systems Version 2.0*. These standards require replacement of the current ISD2 system with a new system (ISD2R). A procurement process was completed, contract executed, and planning begun with Deloitte Consulting, Inc. in September 2011. ISD2R will be used for eligibility determination for Medicaid, CHIP and other HSD programs - Temporary Aid to Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Low Income Energy Assistance Program (LIHEAP), and the Emergency Food Assistance Program. The ISD2R system is used to establish eligibility for Medicaid and transmit data to the Medicaid Management Information System (MMIS). MMIS is used to enroll individuals with Medicaid managed care organization (MCO) vendors in the managed Medicaid (Salud) program, to pay MCOs, and to process Medicaid fee-for-service claims.

The state is in a competitive procurement process to upgrade and operate the Medicaid Management Information System. MMIS is responsible for Medicaid, CHIP and State Coverage Insurance (SCI). NMHIX must interface seamlessly with both the ISD2R and MMIS systems.

New Mexico will conduct an assessment to determine the potential for other state agencies that administer human service programs to leverage the eligibility, enrollment and fiscal transactions systems to minimize duplication of efforts, reduce costs and to streamline eligibility and enrollment processes for those programs. In preparation of this establishment grant application, OHCR reviewed Early Innovator States, and states already awarded Level I HIX establishment grants. In addition, RWJF provided technical assistance and advice.

### **Applicable Standards**

**Section 1561 Recommendations** - were reviewed and discussed among the various advisory groups. Each recommendation and the State's response are summarized in Table 6.

**Table 6: Section 1561 Recommendations**

<b>Recommendation</b>	<b>New Mexico Response</b>	<b>IT Systems Impacted</b>
1.1 ó Use of the National Information Exchange Model (NIEM)	HSD will build on core data elements currently defined for information exchange activities between the ISD2 and MMIS systems. HSD will evaluate the NIEM guidelines appropriate for information exchange between the new ISD2R system, the enhanced MMIS system and NMHIX.	ISD2R, MMIS, NMHIX
2.1 ó Reuse of standardized web services for other health and human services programs	The ISD2R system will utilize the same automated eligibility processes for all HSD programs.	ISD2R
2.2 ó Federal reference software model	<p>New Mexico will leverage the federal Data Services Hub (DSH) to verify citizenship, immigration and tax information with the Social Security Administration (SSA), Department of Homeland Security (DHS), and the Internal Revenue Service (IRS).</p> <p>New Mexico will evaluate the inclusion of connecting to other data sources such as the National Directory of New Hires, the Electronic Verification of Vital Events Record (EVVE) system, State Income and Eligibility Verification (IEVS) systems, Public Assistance Reporting Information System (PARIS) and the U.S. Postal Service Address Standardization API.</p>	ISD2R, NMHIX
3.1 ó Business rules engine	New Mexico will use the business rules engine that is part of the procurement for the ISD2R system. The rules engine is outside of the transactional systems used by the ISD2R. The rules engine will contain all eligibility rules for Medicaid, CHIP, and HSD programs.	ISD2R

Recommendation	New Mexico Response	IT Systems Impacted
4.1 ó Use of Health Insurance Portability and Accountability Act (HIPAA) transaction standards	New Mexico will use HIPAA transaction standards for Medicaid, CHIP, and HSD programs for eligibility, enrollment and disenrollment information. The Insurer stakeholder group is evaluating the ability of the commercial insurance health plans to leverage the HIPAA transaction standards for the NMHIX eligibility, enrollment and disenrollment information.	ISD2R, MMIS, NMHIX
5.1 ó Consumers ability to have electronic access to their eligibility and enrollment data	New Mexico will leverage the IT and Consumers stakeholder groups to allow consumer electronic access to their eligibility and enrollment data and make changes as necessary.	ISD2R, MMIS, NMHIX
5.2 ó Consumers ability to define third party access to consumer data	New Mexico will engage the IT and Consumer stakeholder groups to help consumers designate third party access to consumer eligibility and enrollment data.	ISD2R, MMIS, NMHIX
5.3 ó Privacy and Security	New Mexico will apply all safeguards required by federal and state laws, statutes and rules to protect the privacy and security of the data stored and transmitted between information systems. New Mexico requires all state partners with access to protected health information to sign a HIPAA Business Associate Agreement.	ISD2R, MMIS, NMHIX

**Health Insurance Portability and Accountability Act (HIPAA)** - New Mexico is committed to the protection of sensitive and confidential information including protected health information. The state complies with all requirements as outlined by the HIPAA Privacy and Security Rules for the development and use of information systems that are a part of the NMHIX. New Mexico requires all state partners with access to protected health information to sign a HIPAA Business Associate Agreement. Interfaces to the ISD2R, MMIS or NMHIX systems will require the execution of a HIPAA Business Associate Agreement prior to interface development.



***Accessibility Requirements*** - New Mexico will comply with Section 508 guidelines issued by the U.S. Access Board to ensure that the various users of NMHIX will be able to utilize the system without barriers or diminished function or quality. These guidelines will be applied to the public facing portal of the NMHIX as well as the internal facing system components accessed by state personnel and authorized third party staff involved in eligibility, enrollment and fiscal transaction functions for Medicaid, CHIP and other human services programs. Access requirements were included in the ISD2R and the MMIS systems. New Mexico complies with Title II of the Americans with Disabilities Act (ADA). NMHIX will comply with all standards required by the ADA and ensure that policies, procedures, notifications and training are updated as necessary. Section 504 requirements of the Rehabilitation Act will be applied in the development of NMHIX. All access requirements will be included in the NMHIX design phase and tested during development and implementation phases.

***Security Requirements*** - New Mexico is security conscious about sensitive, confidential and protected health information. It has implemented policies, procedures and rules that dictate how agencies are to safeguard client information. New Mexico understands the Fair Information Practices (FIP) guidelines for collecting data, ensuring the integrity and quality of the data, and providing clear policies about the use of and access to data. The state will review the best practices within the FIP guidelines and apply them where possible in the development and operation of the HIX. New Mexico has experience applying FIP guidelines through its development and operation of its MMIS system. New Mexico is considering the FIP guidelines in its development phase of the ISD2R system.

New Mexico has experience with the Taxpayer Privacy and Safeguard standards and the use of tax return information to determine eligibility for human services programs. HSD uses tax return information in its Income Support Division and Child Support Enforcement Division and complies with the standards and guidelines referenced in IRS Publication 1075 ó Tax Information Security Guidelines for Federal, State and Local Agencies. The Federal Information Processing Standards (FIPS) developed by the National Institute of Standards and Technology (NIST) will be reviewed by New Mexico during the design phase of the HIX. The applicable security and interoperability FIPS will be considered as New Mexico evaluates the standards per the Section 1561 recommendations issued by HHS. New Mexico will apply all safeguards required by Federal and State laws, statutes and rules to protect the privacy and security of the data stored and transmitted among the different information systems.

## **7. Financial Management**

The Exchange Establishment grant will be administered with strong oversight by the HSD and the OHCR, contracting with the NMHIA for development of the NMHIX functions. The proposed NMHIX staff and HSD/OHCR oversight will assure sound financial management of all funds. OHCR funding will provide external grants management oversight of NMHIX activities. NMHIA will develop detailed financial management and oversight procedures for strong internal monitoring of all NMHIX operations and expenditures. OHCR and NMHIX will obtain financial consulting expertise from qualified accountants to develop oversight procedures and monitoring policies.

The NMHIX will engage an independent contractor to evaluate funding options and develop a plan for NMHIX self-sustainability by 2015. NMHIX will fully develop the internal financial management and fiscal controls through the Level I grant period.

### **8. Program Integrity**

Through contracted audit and accounting consultants, NMHIX will assess existing fraud, waste, and abuse detection systems and policies and enhance them to prevent fraud, waste, and abuse in the NMHIX activities and expenditures. A qualified auditing entity will perform an external NMHIX financial audit. Procedures will be developed to report fraud, waste, or abuse to HHS.

### **9. Health Insurance Market Reforms**

New Mexico will propose legislation as necessary to conform New Mexico statutes to ACA provisions. DOI is conducting a comprehensive analysis. Activities will be coordinated through the Governor's office, OHCR and appropriate state agencies, NMHIX, stakeholders, and the Legislature to accomplish legislative and regulatory reforms.

### **10. Providing Assistance to Individuals/Small Businesses, Coverage Appeals, Complaints**

New Mexico will develop an effective consumer assistance program by partnering with existing organizations that offer such services, including the DOI's Consumer Assistance Program. DOI requested and received a no-cost extension of its federal Consumer Assistance grant to: create a consumer ombudsman program; develop a website and consumer test the website; provide public information and education on rate review and consumer protections; and make the rate review process more consumer-friendly. DOI has a Consumer Advisory Group to guide development and implementation of assistance programs and ensure statewide consumer representation. NMHIX Establishment grant support will enhance DOI consumer assistance activities.

HSD's Medicaid program has a call center and contracts with managed care organizations to provide assistance to individuals. Other consumer assistance resources are housed in the DOH and the Department of Aging and Long Term Services. NMHIX will work with existing entities to provide consumer assistance. Grant funding is requested for consumer assistance activities including: retaining consultants to support stakeholder outreach and to develop a consumer assistance work plan; estimating work volume related to consumer assistance, complaints, and appeals; forecasting individual and Small Business Health Options Program (SHOP) NMHIX enrollment; refining referral policies and procedures for consumer and small business assistance and complaints; developing policies and procedures for consumer appeals of federal subsidy eligibility determinations; and creating referral policies and procedures for employer appeals of employer liability.

New Mexico will continue to work closely with stakeholder groups to enhance consumer assistance programs throughout the Level I grant, with particular emphasis on strengthening community partnerships, expanding strategic outreach and education efforts, and coordinating with consumer assistance for publicly subsidized health insurance programs.

***Native American Assistance*** - New Mexico has the second highest percentage of Native Americans of the states, comprising almost ten percent of its total population. The population includes people in tribes, pueblos, on and off reservations, and urban areas. Through formal tribal consultation and Native American stakeholder input, OHCR identified the need for targeted assistance and support for Native Americans in NMHIX design and implementation. Therefore a Native American Service Center will be established within NMHIX. The Center will ensure that NMHIX is accessible, complies with Native American components of the ACA and Indian Health Care Improvement Act (ICHIA), and facilitates meaningful, ongoing tribal consultation. New Mexico can become a leader in the nation on Native American assistance in Exchange development and implementation and can share best practices with other states.

The Center will be staffed with a Director and two support staff to assist in the areas of strategic technical support, outreach and education. Substantial research and analysis will help NMHIX meet Native American needs by:

- Analyzing existing IT infrastructure, capability, and connectivity in tribal communities.
- Studying ACA and ICHIA provisions and regulations to assess their impact on Native Americans and tribal health care systems served by the NMHIX.
- Eliciting stakeholder input to assist in NMHIX design and development.
- Developing Native American navigation, outreach and education strategies especially in rural and frontier areas of the state.

## **11. Business Operations/Exchange Functions**

NMHIX will develop a comprehensive business and operational plan for the Exchange programs and functions. The plan will: analyze federal requirements and recommend the necessary state legislative changes for NMHIX activities, processes, and structures; identify the operational systems and IT systems needed to successfully implement NMHIX in compliance with state and federal requirements; identify additional resources and funding needed for full implementation through a Level II grant in 2012; develop timelines and processes to document NMHIX functionality by core area for federal certification by January 2013; and ensure full implementation by January 2014.

***Health Plan Certification/Recertification/Decertification*** - During the grant period, New Mexico will establish the standards, processes, and criteria for qualifying, certifying, recertifying and decertifying health plans. DOI, NMHIX, and OHCR will collaborate to develop QHP certification standards and market rules. NMHIX and DOI will retain consultants to evaluate existing state and federal health plan standards and make recommendations for QHP standards. New Mexico will review National Association of Insurance Commissioners recommendations and work in other states. That will include identifying best practices to mitigate adverse selection and providing real consumer choice in coverage options.

Stakeholders will actively participate in the process. New Mexico has significant health provider shortages, especially in rural areas. NMHIX will work with provider stakeholders and QHPs to assure adequate provider networks, geographically accessible and available to patients. NMHIX will work with providers and QHPs to streamline claims processing, coverage verification, prior authorization, and other QHP functions.

**Call Center** - NMHIX will utilize call centers and resource lines to assist consumers with health insurance coverage and care issues. Call centers currently include the Medicaid program, commercial health plans, the New Mexico Nurse Advice Line, and others. New Mexico will inventory current call centers and their capabilities, analyze consumer assistance data received through these call centers, and decide how the NMHIX call center can build upon existing resources. The NMHIX IT infrastructure will support call center functions. New Mexico envisions a call center system and staffing that is integrated with the Navigator and Consumer Assistance Program functions.

**Exchange Website** – NMHIX’s website will allow applicants and enrollees to shop and compare standardized QHP information, apply for coverage, and enroll online. The website will post required transparency and QHP rating information. The website’s electronic calculator will allow individuals to view the estimated cost of their coverage once premium tax credits have been applied to their premiums, and help them understand cost-sharing reductions.

**Premium Tax Credit and Cost-Sharing Reduction Calculator** - New Mexico’s IT platform will allow NMHIX to perform administrative activities related to premium tax credits and cost sharing reductions. It will allow for communication and interface with HSD eligibility and enrollment systems, as well as with the federal data service hub for HHS, IRS and SSA.

**Quality Rating System** - New Mexico will use the HHS quality rating system to draft QHP contracts. More details are in the Certification of Qualified Health Plans section. OCHR has worked with New Mexico’s RWJF Aligning Forces for Quality initiative ó the Albuquerque Coalition for Healthcare Quality - to develop and implement performance measurement and public reporting of hospital and clinical provider quality measures. These could be expanded to include QHPs. The Coalition includes insurance carrier representatives, consumers, businesses, hospitals and clinical providers.

**Navigators** - NMHIX will develop a Navigator program to maximize effectiveness and customer service utilizing community health entities and professional agents/brokers. It will partner with existing organizations already doing Medicaid outreach and enrollment. For example, HSD has partnered for over 12 years with the New Mexico Primary Care Association (NMPCA) using community health centers and other community-based organizations to do Medicaid outreach and enrollment. NMPCA has certified 200 individuals throughout the state to process Medicaid eligibility and enrollment, through contracts with 30 organizations. Existing infrastructure could be ramped up to include Navigators and place community-based kiosks connecting the NMHIX and the HSD Medicaid eligibility and enrollment IT platforms.

Licensed insurance agents/brokers could play crucial roles providing consumer assistance and helping consumers understand QHP Exchange choices. Insurance carriers with products in NMHIX will utilize brokers. Navigators will work with brokers to help consumers choose individual and group health insurance offerings, to assure that their purchasing needs are met, and to receive service after the point of sale.

New Mexico envisions strong linkages between Navigators, licensed agents/brokers, and call center staff to do joint and cross training. Funding is requested to inventory organizations that may be qualified to do Navigator functions, to plan for a comprehensive Navigator system throughout the state, and to certify and train Navigators. Navigator staffing and operations will be financed by NMHIX starting in 2014.

***Eligibility Determination/Premium Tax Credit/Cost-Sharing Reductions/Medicaid*** - The NMHIX IT platform will be fully integrated with the HSD's Medicaid eligibility and enrollment system (ISD2R) and its enrollment and fiscal transactions system (MMIS). NMHIX will collect all information needed to verify Exchange eligibility, and determine the appropriate Modified Adjusted Gross Income MAGI-based financial assistance categories, including for the Exchange premium tax credits, and cost-sharing reductions.

The portal will interface with federal and state data sources to produce real-time QHP, MAGI and Medicaid eligibility and enrollment verification. The Exchange portal will include initial screening evaluations for non-MAGI Medicaid eligibility and redirect applicants to existing Medicaid eligibility determination processes as appropriate, transferring appropriate information to the correct program.

***Seamless Eligibility/Enrollment/Process/Applications Notices/Administration/Cost-Sharing*** - NMHIX will provide IT functionality for seamless eligibility and enrollment between the Exchange and other state and federal subsidized health programs including Medicaid, SCHIP, and other programs. Deloitte Consulting, LLP is already implementing the "no wrong door" approach to the Medicaid eligibility replacement system (ISD2R), with contractual flexibility to incorporate NMHIX contingent upon grant funding, and contract procurement or amendment.

The NMHIX IT platform will provide functionality to: facilitate plan selection for an individual eligible to enroll in a QHP; provide consumers a single, streamlined online application consistent with federal requirements (screening, enrollment forms, verifications, notices); report to the IRS and enrollees each year regarding the enrollee's NMHIX coverage.

Funding will help New Mexico develop the necessary applications and notices for eligibility and enrollment. Because of New Mexico's cultural and linguistic diversity, documents and systems require significant testing prior to use. Over a third of the population speaks a language other than English at home, and over a quarter of those residents report that they do not speak English "very well." Programs will be developed to address language and cultural barriers.

***Outreach and Education*** - New Mexico is a culturally diverse state facing significant poverty, illiteracy, lack of internet access, rural remoteness, language barriers, and a very high rate of uninsured individuals. Background research and surveys conducted through the Exchange Planning grant documented that many New Mexicans have little or no knowledge of health care reform and do not understand the functions of an Exchange. New Mexico needs a comprehensive campaign to educate citizens about health care coverage options in the NMHIX.

New Mexico will launch a statewide public education campaign using an array of communication strategies by providing workshops, internet, print, radio, and television media information; distributing hard-copy written materials; convening community meetings and educational workshops; training and deploying regional navigators; and conducting other community outreach. OHCR will contract with consultants and Native American groups to develop early, targeted outreach and education for the Tribes and pueblos, including the use of linguistically and culturally appropriate materials.

***Risk Adjustment and Reinsurance*** - NMHIX will evaluate risk-spreading strategies, such as reinsurance, temporary risk corridors, and risk adjustment. It will include analysis and partnership with the New Mexico Medical Insurance Pool to determine options for these risk strategies, and the ongoing role of the Pool.

***SHOP Exchange Specific Functions*** - NMHIX will include a Small Business Health Options Program (SHOP) Exchange. NMHIX will develop a detailed plan for SHOP implementation and evaluate the small group market. The SHOP Exchange will create an efficient process to meet the needs of small employers. The system will notify the employer when 1) an employee is eligible for advance payment of a premium tax credit, 2) the employer does not offer minimum essential coverage, 3) the coverage is not affordable or 4) it does not meet the minimum value requirement. NMHIX will have an appeals process to receive and adjudicate requests from individuals for exemptions from the individual responsibility requirements and transmit required information to HHS and the IRS.

### **C. SUMMARY OF EXCHANGE IT GAP ANALYSIS**

New Mexico has completed an assessment of current information systems that will be a part of eligibility, enrollment and fiscal transaction functions for NMHIX, Medicaid, CHIP and other human services programs. The information systems reviewed are in Table 7. The ISD2 system is being replaced by ISD2R. The new ISD2R and NMHIX eligibility, enrollment and portal systems will replace the *Yes New Mexico* portal. The HSD is in the competitive procurement process to upgrade and operate the MMIS system.

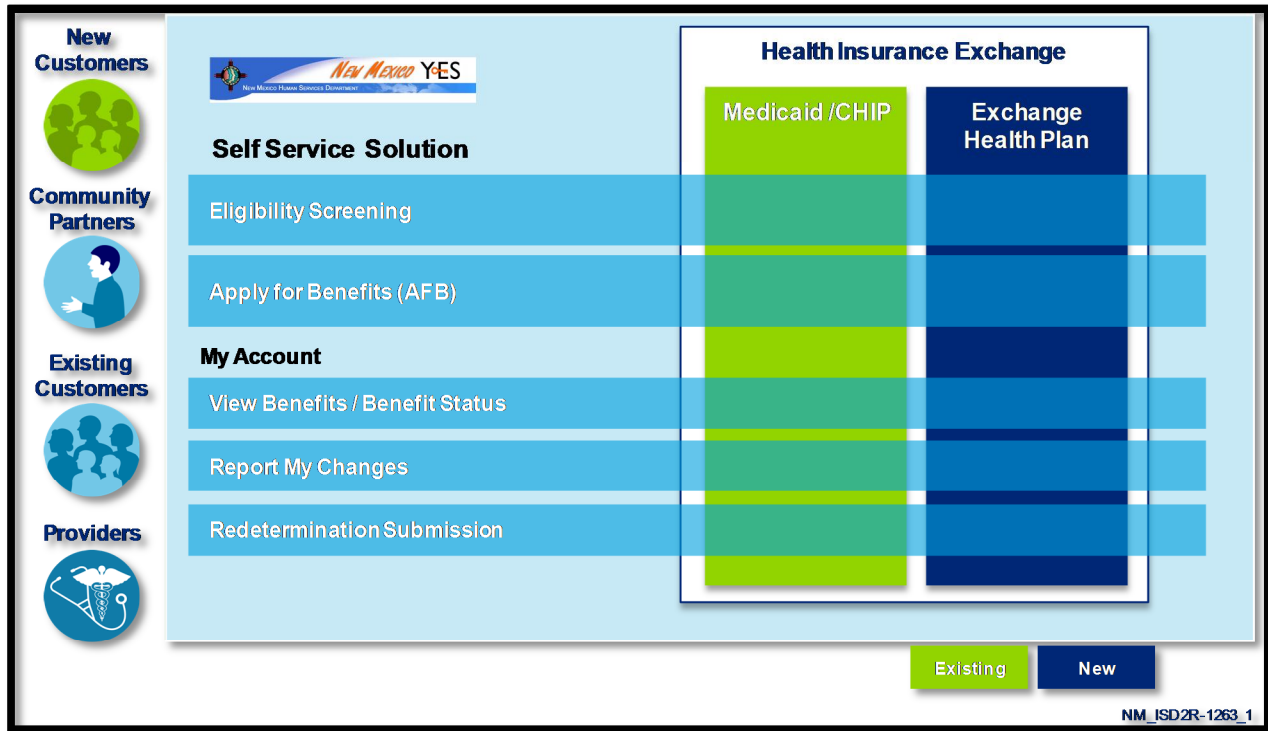
**Table 7: Current Information Systems**

System Name	System Description	Agency Owner	Proposed Change to Close IT Gap
ISD2	Integrated Services Delivery Eligibility System for Medicaid, CHIP and Other HSD Programs	HSD	ISD2R, Interface with NMHIX IT Eligibility System
Yes New Mexico	Web-based Self Service System for Individuals to Determine Eligibility for Medicaid, SNAP, WIC, LIHEAP	HSD	Interface with NMHIX IT SHOP and Compare, Web-based System
Medicaid Management Information System (MMIS)	Enrollment, Fiscal Transaction System for Capitated Payment to MCOs, Fee-for-service Claims Processing	HSD	Interface with NMHIX IT Enrollment and Fiscal Transactions System

**ISD2R Self Service Solution** - The screening module of the *Yes New Mexico* will be expanded during ISD2R and MMIS upgrades to allow families and individuals to screen for the NMHIX. *Yes New Mexico* is a quick and easy web based portal for people in New Mexico to get answers to questions on health and nutrition (<https://www.yes.state.nm.us/selfservice/>). In the new system individuals will be pre-screened to identify eligibility for Medicaid, CHIP, or premium tax credits and then guided towards plan viewing.

Pre-screening would allow the user to view public assistance available upfront without having to provide identifiable information or completing an application form. The users requesting coverage are routed through a screening process to capture their household size and income to determine if they fall below the 400% FPL. Users who have entered an income that is above 400% FPL for his/her household size are allowed to bypass the functions associated with determining eligibility for assistance. Users with an annual income of below 400% FPL are routed through the required data collection screens to gather relevant information needed for this program. The screening will include HIX eligibility. Data entered during the screening process will not pre-fill the online application data entry processes.

**Figure 2. Integrating ACA Requirements in the NMHIX**



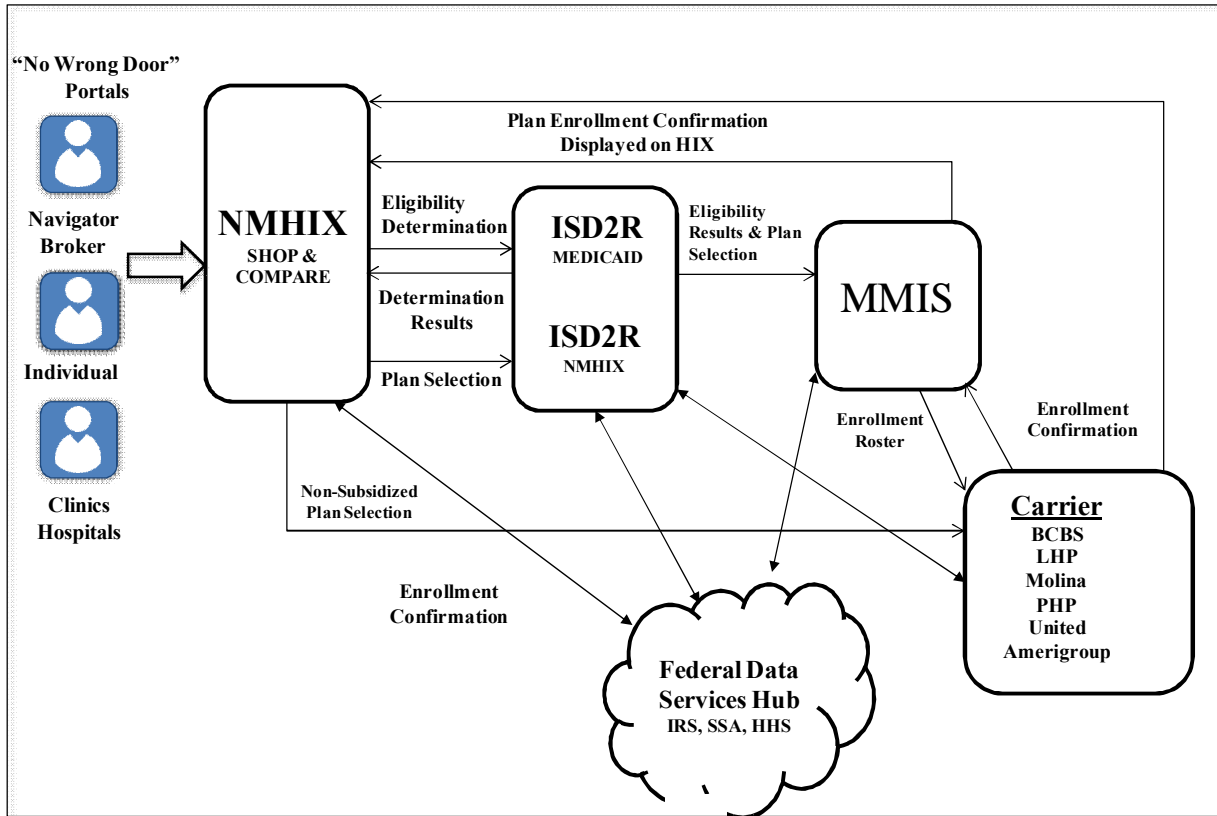
New Mexico will build upon its initial analysis to conduct a comprehensive IT gap analysis of the information systems to include Medicaid/CHIP/SCI, MMIS and NMHIX, customer support and call center capacity. Comprehensive IT gap analysis will inform the establishment work plan. New Mexico will leverage its \$75 million ISD2R project to seamlessly integrate with the NMHIX eligibility and enrollment systems. The State will procure a software solution that connects to the ISD2R, MMIS and NMHIX systems for eligibility and enrollment, fiscal transactions, “No Wrong Door” and shop and compare functions. This is illustrated in Figure 3.

**Individual On-Line Application** - To apply for health insurance, the individual will be required to create an account. Once the individual creates an account, the Exchange retrieves household and income information from the federal Data Services Hub, in real-time unless otherwise specified by federal agencies. The individual validates this information, updates information that is no longer accurate, and provides other household and demographic information as part of the application. The online application information is then sent to a worker inbox in ISD2R for further processing. The online application is integrated with the client account service so that clients can save and retrieve partially completed applications. The worker receives an alert indicating that a new application has been assigned. The information is used to first determine Medicaid and CHIP eligibility based on MAGI rules. If deemed ineligible for Medicaid and CHIP, premium tax credit eligibility based on MAGI rules would then be determined. The “apply for benefits” module will be expanded to capture information needed for the HIX eligibility.



**Figure 3: “No Wrong Door” Information Technology Infrastructure for the New Mexico Health Insurance Exchange and Medicaid Systems**

**IT Interfaces for NMHIX, Medicaid, Federal Data Hub**



**Application Assistance** - Clerks, navigators or others will help with on-line and in person client registration by collecting basic information about applicants and requested programs. Workers will select and view programs for an application. Clerks, navigators, and eligibility workers will use the Data Collection function to record financial and non-financial eligibility factors for applicants who are applying for assistance, including income, assets, expenses and relationships between household members. The module will integrate with the federal Data Services Hub to receive the data elements required for the subsidized health insurance coverage program.

**Eligibility Determination and Benefit Calculation** - The ISD2R eligibility functionality uses information gathered during data collection to automatically create a budget and determine eligibility for each requested program. With the implementation of the new subsidized coverage program, the business rules engine will be extended to support subsidy eligibility determination for users in the 133 % - 400 % FPL range. The eligibility screens will display results for the new program. For applications with insufficient information to determine eligibility, the verification process will be enhanced to include new rules.

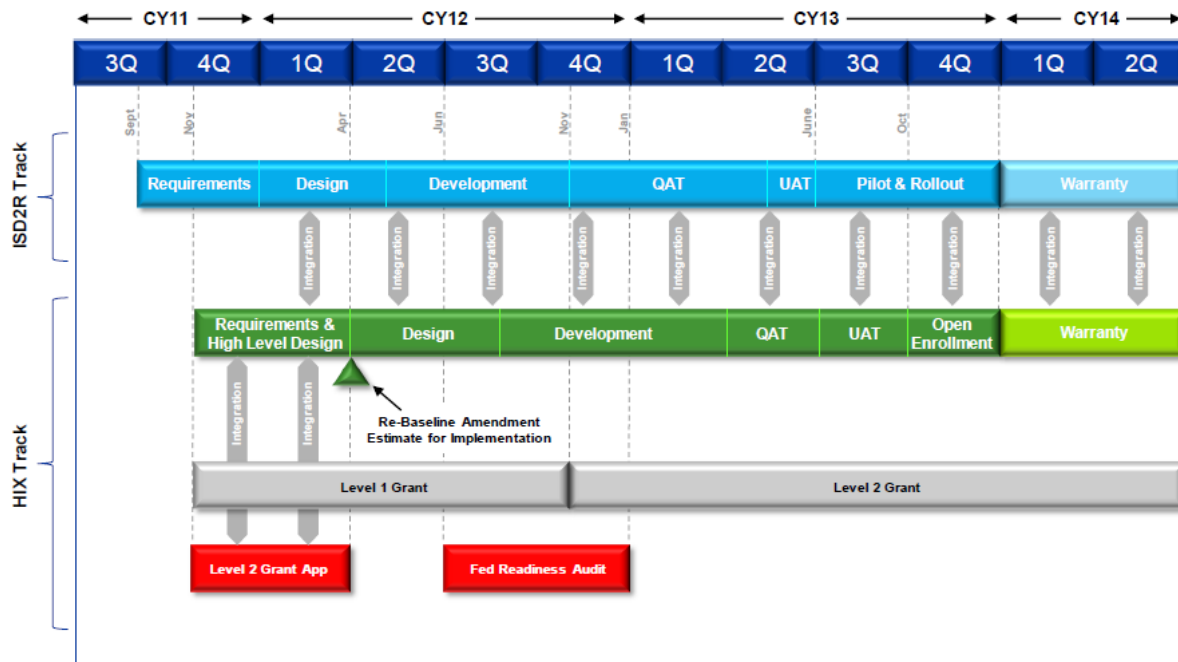
**Correspondence Module** ISD2R will automatically generate client notices, forms and other correspondence for printing, mailing and e-mailing in the new program. Existing notice templates will include data such as tax credit and cost sharing information. The current IS2DR correspondence infrastructure will be used to generate notices. Workers will be able to select and view historical or current correspondence.

**Reports** - The current ISD2R infrastructure and technology will be used to generate the reports required for HIX eligibility expansion.

**Interfaces** - The ISD2R will be expanded to interface with the federal Data Services Hub to obtain the client's income information.

Figure 4 illustrates the parallel development of ISD2R and HIX.

**Figure 4. ISD2R and HIX Parallel Track Approach**



**D. EVALUATION PLAN**

New Mexico will execute a comprehensive monitoring and evaluation plan that builds on the progress and infrastructure developed during the Exchange planning grant. Evaluation will include core area and IT activities. The grant supported activities in the core areas will be implemented as outlined in the project narrative and the work plan. Consultants will develop a comprehensive three-year business and operational plan for the NMHIX programs and functionality and a project manager will be hired to carry out the plan. This plan help the state meet federal goals and timelines to certify and initiate NMHIX operations.

Core area evaluation milestones will:

- Assure activities are completed on a timely basis in accordance with the work plan.
- Review contractor and staff performance.
- Continue stakeholder involvement and participation in the core areas.
- Facilitate ongoing interagency NMHIX policy, procedure and operational coordination.
- Provide sound financial management and budgeting of grant resources.

OHCR oversees planning and establishment grant project activities, measures progress and success, provides leadership, coordinates public and private partnerships, and implements work plans. OHCR will meet monthly to review draft project deliverables and approve final deliverables. The NMHIA board, through a contractual agreement, will be responsible for carrying out NMHIX action plans. NMHIA will meet regularly and formally report on its progress to meet grant objectives. HSD will provide project oversight, especially related to the development of the IT infrastructure, coordinating Medicaid and other state program integration with NMHIX. The grant's Project Director will provide executive leadership for the project.

The NMHIX IT will collaborate with the Medicaid ISD2R eligibility and enrollment project to assure effective and efficient planning, implementation, and integration. OHCR will coordinate with vendors, state agencies, consultants for the NMHIX IT system development and implementation. OCHR will work with HSD, NMHIX and others to hold vendors and consultants to timelines and deliverables; manage change orders and general scope changes; and manage all project issues. Evaluation of IT progress will focus on completion of approved project deliverables on the schedule in the NMHIX business and operational plan.

New Mexico's Level I grant work plan will be the major tool used to monitor and evaluate the state's progress in each core area. OHCR will provide project management, maintain and update the work plan and assure timeframes and deliverables are met. New Mexico will leverage the state system and process for federal grant management until such the NMHIA/NMHIX accounting and financial management systems can assume responsibility for financial and budget management. An external evaluator will develop and oversee the evaluation plan.

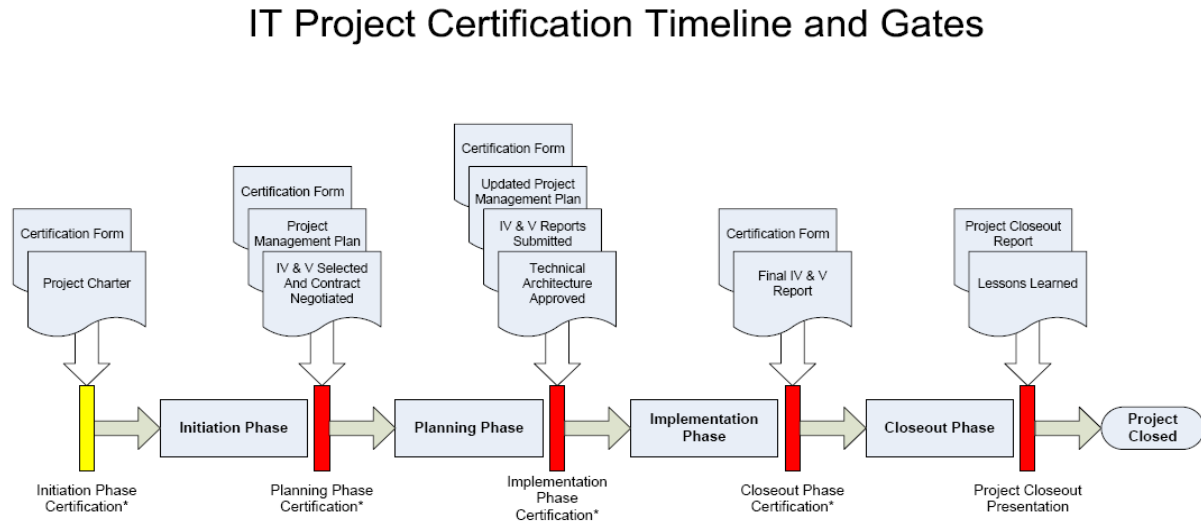
### **Information Technology Systems Evaluation**

*Information Technology Project Structure* - New Mexico will leverage its strong project management experience and methodology for ensuring the success of the NMHIX IT objectives and deliverables. An IT Project Manager will be hired to manage the IT components of the Exchange development. The IT Project Manager will coordinate efforts between the ISD2R Project team, MMIS upgrade, and the NMHIX implementation team. Figure 4 illustrates the governance structure for the NMHIX project.

New Mexico will utilize the services of an independent verification and validation (IV&V) contractor as a third party quality assurance consultant. The IV&V contractor will monitor the project's progress towards achieving stated objectives and required deliverables. The IV&V contractor will report to the Office of Health Care Reform Leadership Team and the Executive Director of the Office of Health Care Reform. The IV&V contractor will provide progress reports to the Executive Director and the Leadership Team.

**Information Technology Project Methodology** - All executive branch agency information technology projects above \$100,000 and/or required to undergo phased certifications as a result of an appropriation or grant are required to be certified by the New Mexico Department of Information Technology (DoIT). The HIX IT project will seek certification by the DoIT and complete each phase identified in Figure 5.

**Figure 5. IT Project Certification Timeline and Gates.**



New Mexico will include the appropriate software development lifecycle (SDLC) methodology deliverables and reviews within the above project phases. SDLC deliverables will be reviewed by the IV&V contractor. Based on the IT work plan (Appendix A) and the above project phases, New Mexico has developed the IT SDLC review timeline (Table 8).

**Table 8: SDLC Review Timeline**

Project Startup Review	Architecture Review	Project Baseline Review	Preliminary Design Review	Detailed Design Review	Final Detailed Design Review	Pre-Operational Readiness Review	Operational Readiness Review
Q1 ó 2012	Q1 ó 2012	Q2 ó 2012	Q3 ó 2012	Q4 ó 2012	Q4 - 2012	Q2 ó 2013	Q3 - 2013

***Information Technology Project Performance Indicators*** - New Mexico will evaluate progress and success of the project by monitoring key indicators. The first indicator will monitor the triple constraint of projects: the scope, schedule and budget. The project will be calibrated with a baseline at the beginning of the project and with each project phase. This indicator will be monitored daily by the IT Project Manager.

Monthly OHCR ILC meetings will review progress towards meeting identified milestones and if the project is on time, within budget and within scope. The project's progress and key deliverables will be presented to each of the advisory groups by the IT Project. The advisory groups consist of industry experts, stakeholders and government officials who will provide an independent review of project deliverables. At each phase gate (Figure 7), the DoIT will conduct extensive reviews of project deliverables such as planning and design documents, test plans and results, and other SDLC deliverables. The IV&V contractor will also review all project deliverables including deliverables associated with the management of the project.

The second indicator will track the management of risks and issues identified prior to and during the project. Appropriate risk mitigation and timely issue resolution will help assure project success. The project's timeline is already compressed. Therefore, it will be crucial for the project teams and the IT Project Manager to participate in the timely resolution of risks and issues as they come up. This indicator will monitor whether the project is identifying risks and issues, developing plans to mitigate risks and issues, including the appropriate stakeholders in decisions, and executing the plans successfully. This indicator will be monitored by the IV&V contractor and reported to the OHCR at monthly ILC meetings.

**E. WORKPLAN**

<b>Core Area</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b><i>Background Research</i></b>	Q3: Complete analysis of state insurance market and financial modeling for NMHIX.	Q1: Refine financial modeling and link to policy decisions.		
<b><i>Stakeholder Consultation</i></b>	Q4: Continue stakeholder advisory committee input for NMHIX design and function. Q4: Complete stakeholder meetings to all regions of state. Q4: Establish, implement, and document a process for consultation with federally recognized Indian Tribal governments to solicit input on establishment and ongoing operation of NMHIX. Q4: Retain consultant to assist in statewide stakeholder advisory input.	Q1-Q4: Continue stakeholder advisory committee input on NMHIX design and function. Provide stakeholder meeting minutes to HHS. Q1-Q4: Continue to implement and document Tribal consultation and input on ongoing design and operation of the NMHIX.	Q1-Q4: Continue stakeholder advisory committee input on NMHIX design and function. Provide stakeholder meeting minutes to HHS. Q1-Q4: Continue to implement and document Tribal consultation and input on ongoing design and operation of the NMHIX.	Q1-Q4: Continue stakeholder advisory committees input on NMHIX operations. Provide minutes to HHS of stakeholder meetings. Q1-Q4: Continue to implement and document Tribal consultation and input on ongoing operation of the NMHIX.

Core Area	2011	2012	2013	2014
<b>Legislative/ Regulatory Action</b>	Q4: Compare current state statute and regulations to the DHHS proposed and final health insurance Exchange and qualified health plans rule. As necessary, draft and introduce state legislation to comply with ACA legislation and regulations.	Q1: Compare current state statute and regulations to the DHHS final rule promulgated for the health insurance Exchange. As necessary, draft and introduce state legislation to comply with ACA regulations. Q1: As necessary, draft and introduce legislation for DOI changes to comply with ACA and other reform legislation.	Q1-Q2: As necessary, draft, introduce legislation for any needed insurance reforms to comply with ACA legislation and regulation. Q2: If necessary, special election on constitutional amendment.	
<b>Governance</b>	Q3, Q4: Develop the NMHIX governance structure. Q3, Q4: Determine needed NMHIA board and function restructuring for the NMHIX including public accountability, transparency, and prevention of conflict of interest.	Q1: If necessary, draft, pass legislation to restructure NMHIA board and functions to operate NMHIX. Q1: Fill vacant NMHIA board members to comply with ACA. Q1: Revise HIA bylaws, conflict of interest requirements, and regulations consistent with state and federal law and regulation.		

Core Area	2011	2012	2013	2014
<b>Exchange IT Systems</b>	Q3, Q4: Conduct a gap analysis of existing systems and the end goal for systems development by 2014.	Q1: Complete preliminary business requirements and develop an IT architectural and integration framework. Complete SDLC implementation plan. Q2: Complete security risk assessment and release plan. Complete preliminary detailed design and system requirements documentation. Q3: Finalize IT and integration architecture. Complete final requirements documentation.	Q1: Complete preliminary and interim development of baseline system and review and ensure compliance with business and design requirements. Q2: Complete final development of baseline system including software, hardware, interfaces, code reviews, and unit-level testing. Complete testing of all system components including data interfaces, performance, security, and infrastructure. Q3: Complete final user testing including testing all interfaces. Complete pre-operational readiness review. Complete end-to-end testing and security control validations. Prepare and deploy all system components to production environment. Obtain security accreditation.	Q1 - Q4: Support business operations and maintenance of all systems components.



Core Area	2011	2012	2013	2014
<b>Program Integration</b>	<p>Q3 and Q4: Perform detailed business process documentation to reflect current state business processes; plan future state process changes to support proposed NMHIX operational requirements.</p> <p>Q3 and Q4: Initiate Interagency Work Groups for ITS, HSD, DOI, DOH, vendors, and stakeholders; convene collaborative meetings to develop and execute work plans.</p>	<p>Q1-Q4: Procure, sole source, or amend existing contracts to develop NMHIX eligibility, enrollment and shop and compare functions, and integrate with Medicaid IT systems already being implemented to assure a ñno wrong doorö approach.</p>	<p>Q1-Q4: Field test NMHIX with other systems. Coordinate NMHIX enrollment with Medicaid and other program eligibility and enrollment.</p>	
	<p>Q3: Execute MOUs between OHCR, HSD, DOI, DOH, and NMHIA including to: assign roles and responsibilities for the NMHIX and QHPs; devise a strategy to limit adverse selection within the NMHIX and outside of it in the health insurance market.</p> <p>Q3: Execute an MOU with OHR, HSD, DOH and NMHIX including to: define the roles and responsibilities related to eligibility determination, verification, and enrollment; integrate program processes; develop timelines for completion of work; create ñno wrong doorö IT solutions; develop standard operating procedures for interactions between NMHIX and OASHSPs; cost allocate for grants, Medicaid FFP, and other funding streams.</p>			

Core Area	2011	2012	2013	2014
<b>Program Integration (cont.)</b>	Q3 and Q4: Conduct NMHIX Medical Home consultation. Develop per member payment methodology to reward coordination and integration of primary care in medical homes.	Q1-Q4: Assess medical home pilots in Medicaid, CHIP, SCI pilots. Develop work plan to incorporate medical home within NMHIX.	Q1-Q4: Develop process for QHP to use NCQA standards to recognize medical home for providers.	Q1-4: QHPs contract with NCQA recognized medical home providers.
<b>Financial Management</b>	Q3-Q4: Adhere to HHS financial monitoring activities. Begin to develop the financial management structure and scope of activities to comply with requirements. Q4: Establish a financial management structure and hire experienced accountants to support financial management activities of NMHIX.	Q1: Develop a plan to ensure sufficient resources to support ongoing operations; determine how to assess user fees for NMHIX. Q1-Q4: Assess adequacy of accounting and financial reporting systems. Q4: Conduct a third party objective review of internal control systems.	Q1: Demonstrate capability to manage the finances of the NMHIX, including the ability to publish all expenses, receivables, and expenditures consistent with state and federal requirements.	Q1-Q4: Post information on NMHIX financial management on website; make NMHIX financial management transparent.

<b>Core Area</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b><i>Oversight and Program Integrity</i></b>	Q3-Q4: Prevent fraud, waste, and abuse related to the NMHIX grant expenditures. Continue planning process and hire staff and consultants for oversight and program integrity functions.	Q1-Q2: Establish procedures for external audit by a qualified auditing entity; contract to perform an independent external financial audit of the NMHIX.	Q1: Establish fraud and protection procedures. Develop procedures for reporting to HHS on efforts to prevent fraud, waste, and abuse.	Q1-Q4: Comply with HHS reporting requirements related to auditing and prevention of fraud, waste, and abuse.
<b><i>Providing Assistance to Individuals and Small Businesses, Coverage, Appeals, and Complaints</i></b>	Q3-4: Coordinate between OHCR, DOI, AG, HSD, and NMHIX to assure services help individuals determine eligibility for private and public coverage and enroll in such coverage, file grievances and appeals, provide information about consumer protections, and collect data on inquiries, problems & resolution. Q3-4: Analyze data collected by consumer assistance programs; use data to assure QHP accountability and NMHIX functions.	Q1-Q4: Establish protocols for appeals of coverage determinations; review standards, timelines and provision of health care to consumers during the appeals process. Develop plan and hire consultants to handle coverage appeals functions. Q1-4: Analyze data collected by consumer assistance programs; use data to assure QHP accountability and NMHIX functions.	Q1-Q4: Review consumer complaint information collected by DOI Consumer Assistance Program when certifying QHPs. Establish referral process to consumer assistance programs.	Q1: Ensure consumer complaints or coverage appeals are referred directly to the DOI Consumer Assistance Program.

Core Area	2011	2012	2013	2014
<b><i>Certification of Qualified Health Plans</i></b>	<p>Q4: Develop QHP certification standards including timeline for application submission, evaluation, and selection.</p> <p>Q4: Actively engage stakeholders in the proposal solicitation development.</p>	<p>Q1: Develop strategy and timeline for the staffing and IT systems needed to receive applications, evaluate data from insurers, and notify insurers of QHP denial, certification, recertification, decertification decisions.</p> <p>Q2-Q3: Develop RFP to develop QHP processes. Draft certification documents, including application and user fees, denial, certification, recertification and decertification processes.</p> <p>Q3-Q4: Release QHP proposal solicitation, hire staff to evaluate proposals, and complete process.</p> <p>Q4: Begin QHP training for health plan carriers.</p>	<p>Q1: Evaluate proposals. Solicit premium quotes from health plan carriers.</p> <p>Q2: Launch plan management and bid evaluation system to allow upload of QHP bids and other required information.</p> <p>Q2: Complete the denial, or certification of QHPs, execute contracts. Issue announcement of QHP certifications to public.</p> <p>Q3-Q4: Conduct plan readiness.</p>	<p>Q1: Invoice, collect user fees.</p> <p>Q1: Demonstrate NMHIX and DOI capacity to monitor QHP practices, evaluate customer satisfaction, pricing and benefits of health plans inside and outside of NMHIX.</p>

Core Area	2011	2012	2013	2014
<b>Call Center</b>	Q3-Q4: Initiate discussions with existing call line entities; assess capacity and cost of NMHIX Call Center.	Q1-Q4: Contract with entity to become the NMHIX Call Center. Coordinate with HSD call center.	Q1-Q2: Develop call center customer service protocols and scripts to respond to likely requests from health care consumers. Develop protocols for hearing impaired, other disabilities, language and translation services. Q3: Train call center representatives on eligibility verification, enrollment process, and other areas. Q4: Launch call center functionality and publicize 1-800 number. Post information on NMHIX website.	
<b>Exchange Website and Calculator</b>	Q4: Develop requirements for systems and operations, including: online comparisons of health plans; online application and selection of health plans; premium tax credit and cost-sharing reduction calculator functionality; interface with federal data services hub for HHS, IRS, SSA, DHS, FMS; requests for assistance; linkages to other state coverage programs.	Q1-Q2: Begin systems development. Q3: Submit content for informational website to HHS for comment. Q4: Complete systems development and final user testing of website.	Q1: Launch informational website. Q1: Collect and verify plan data for comparison tool. Q2: Test comparison tool with consumers and stakeholders. Q3: Launch comparison tool with pricing information but without online enrollment function. Q3-Q4: Launch fully functioning comparison tool for open enrollment.	

Core Area	2011	2012	2013	2014
<b>Quality Rating System</b>	Q4: Utilize federal quality rating system to draft QHP contracts.	Q1-Q2: Include quality rating functionality in system business requirements for NMHIX website. Q3: Complete system development of quality rating functionality. Q4: Complete testing and validation of quality rating functionality.	Q3: Post quality rating system information on NMHIX website.	Q1-Q4: Continually update quality rating information on the NMHIX website and make information available to call center representatives, brokers / agents, and Navigators.
<b>Navigator Program</b>	Q3-Q4: Conduct planning sessions to create a Navigator program; develop milestones and timeframes to establish program; assess current organizations and systems that could be trained as Navigators.	Q1: Develop plan for personnel, IT or other infrastructure needs of Navigator organizations.	Q2: NMHIX awards Navigator contracts; hire and train trainers. Q2: Train Navigators. Q3: Begin Navigator operations.	

Core Area	2011	2012	2013	2014
<b>Eligibility Determinations</b>	<p>Q2-Q4: Coordinate with DOI, Medicaid, SCHIP and other publicly subsidized health programs and create institutional structure.</p> <p>Q2-Q4: Develop NMHIX Medicaid, SCHIP and other publicly subsidized health programs eligibility and enrollment integration and interface - enrollment, eligibility, appeals, notices and applications, managing transactions, and efficiently communicating the enrollment status of individuals.</p>	<p>Q1: Begin systems development, including those needed by other publicly subsidized health programs as appropriate.</p> <p>Q2-3: Continue system development.</p> <p>Q4: Complete system development and prepare for final user testing.</p>	<p>Q1: Begin final user testing of all interfaces.</p> <p>Q3: Complete user testing, include full end-to-end integration testing with other components.</p> <p>Determine eligibility for other publicly subsidized health programs, coordinating relevant business functions, and receiving referrals from other programs to determine eligibility.</p>	

Core Area	2011	2012	2013	2014
<b>Enrollment Process</b>	Q2-Q4: Develop requirements for systems and program operations, including: providing customized plan information to individuals based on eligibility and QHP data; submitting enrollment transactions to QHP users; receiving acknowledgements of enrollment transactions from QHP carriers; and submitting data to HHS; building interfaces between NMHIX and ISD2R and MMIS eligibility, enrollment and fiscal transaction systems	Q1 Begin systems development. Q4: Complete systems development and prepare for final user testing.	Q1: Begin final user testing; test interfaces. Q3: Complete user testing; include full end-to-end integration testing with other components. Q4: Begin QHP enrollment.	
<b>Applications and Notices</b>	Q3-Q4: Review federal requirements for applications and notices, begin customizing federal applications and notices as allowable and begin development requirements for NMHIX-created applications and notices.	Q1-Q4: Prepare applications and notices; include stakeholder review.	Q3: Finalize applications and notices, including stakeholder review, testing, and translation of content prior to open enrollment. Q4: Begin open enrollment utilizing applications and notices to support eligibility and enrollment process.	



Core Area	2011	2012	2013	2014
<b><i>Exemptions from Individual Responsibility Requirement and Payments</i></b>	Q3-Q4: Develop requirements for systems and program operations: include accepting requests for exemptions; reviewing and adjudicating requests; exchanging relevant information with HHS.	Q1: Begin systems development. Q4: Complete systems development and prepare for final user testing.	Q1: Begin final user testing; test interfaces. Q3: Complete user testing; include full end-to-end integration testing with other components. Q3: Initiate process for determining individual responsibility exemptions; report data to HHS.	
<b><i>Premium Tax Credit and Cost-Sharing Reduction Administration</i></b>	Q3-Q4: Develop requirements for systems and program operations; provide relevant information to QHP issuers and HHS to start, stop, or change the level of premium tax credits and cost-sharing reductions.	Q1: Begin systems development. Q4: Complete systems development and prepare for final user testing.	Q1: Begin final user testing; test interfaces. Q3: Complete user testing; include full end-to-end integration testing with other components. Q4: Submit tax credit, cost-sharing reduction information to QHP carriers and HHS.	

<b>Core Area</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b><i>Adjudication of Appeals of Eligibility Determinations</i></b>		Q2: Develop business processes and operational plan for appeals functions. Review plans with stakeholders. Q4: Establish resources to handle appeals of eligibility determinations including training on eligibility requirements.	Q3: Communicate with HHS on the state's process for referring appeals to the federal appeals process.	Q1: Begin receiving and adjudicating requests.
<b><i>Notification and Appeals of Employer Liability for the Employer Responsibility Payment</i></b>	Q3-Q4: Develop system and program requirements to coordinate employer with individual eligibility appeals; submit data to HHS.	Q1: Begin systems development. Q3: Complete systems development and prepare for final user testing.	Q1: Begin final user testing; test interfaces. Q3: Complete user testing; include full end-to-end integration testing with other components. Q3: Notify employers; coordinate with eligibility systems.	
<b><i>Information Reporting to IRS and Enrollee</i></b>	Q3-Q4: Develop requirements for systems and program operations including: capturing enrollment data; submitting data to HHS for later use in information reporting; and reporting info to enrollees.	Q1: Begin systems development. Q3: Complete systems development and prepare for final user testing.	Q1: Begin final user testing; test interfaces. Q3: Complete user testing; include full end-to-end integration testing with other components.	Confirm that systems are prepared to generate information reports to enrollees.

Core Area	2011	2012	2013	2014
<b>Outreach and Education</b>	<p>Q3-Q4: Contract to assess outreach/education needs to determine geographic and demographic-based target areas, identify vulnerable populations for special outreach efforts, determine internet use and availability.</p> <p>Q4: Contract to assess outreach and education needs of Native Americans.</p>	<p>Q1: Develop outreach and education plan to include key milestones and strategies.</p> <p>Q2: Distribute outreach and education plan to stakeholders and HHS for input and refinement.</p> <p>Q2: Develop a "toolkit" for outreach and education .</p> <p>Q2: Develop performance metrics, evaluation plan for education and outreach. Submit final outreach and evaluation plan to HHS.</p> <p>Q3: Focus test materials with key stakeholders and consumers and make refinements based on input.</p>	<p>Q1: Launch outreach and education program; refine message based on response and feedback from consumers.</p>	
<b>Free Choice Vouchers</b>	<p>Q4: Develop requirements for system and program operations to report to employers and manage the financial components of Free Choice Vouchers.</p>	<p>Q1: Begin systems development.</p> <p>Q4: Complete systems development and prepare for final user testing.</p>	<p>Q1: Begin final user testing; test interfaces.</p> <p>Q3: Complete user testing; include full end-to-end integration testing other components.</p> <p>Q3: Notify employers about an individual's eligibility for a Free Choice Voucher; collect funds from an employer; apply funds to an individual's purchase of a QHP; refund excess funds to an individual, consistent with federal standards.</p>	

Core Area	2011	2012	2013	2014
<b>SHOP- Specific Functions</b>	Q3-4: Research the design and approach of the SHOP Exchange. Q4: Develop the requirements for systems and program operations.	Q1: Begin systems development. Q4: Complete systems development and prepare for final user testing.	Q1: Begin final user testing including testing of all interfaces. Q3: Complete user testing; include full end-to-end integration testing with other components. Q3: Enroll employees of small employers into QHPs.	

**F. ADDITIONAL LETTERS OF AGREEMENT AND/OR DESCRIPTION OF PROPOSED/EXISTING PROJECT**

The applicant agency is the New Mexico Human Services Department that includes the Medicaid agency. Letters of agreement and participation are included from the Governor, the Secretary of the Human Services Department, the Superintendent of the New Mexico Division of Insurance, the state Medicaid agency, the Office of Health Care Reform, the Secretary of the New Mexico Department of Health, the New Mexico Health Insurance Alliance, and the New Mexico Medical Insurance Pool.



Susana Martinez, Governor  
Sidonie Sculer, Secretary

## New Mexico Human Services Department

Office of the Secretary  
PO Box 2348

Santa Fe, NM 87504-2348  
Phone: (505) 827-7750; Fax: (505) 827-6286

September 27, 2011

The Honorable Kathleen Sebelius  
Secretary, U.S. Department of Health and Human Services  
200 Independence Avenue SW  
Washington, DC 20201

*RE: CFDA No. 93.525 – Cooperative Agreement to Support Establishment of State Operated Health Insurance Exchanges*

Dear Secretary Sebelius:

I am pleased to endorse New Mexico's application for a Level 1 Health Insurance Exchange Establishment Grant and Cooperative Agreement.

Project Title: New Mexico Health Benefit Exchange Level One Grant  
Applicant Name: New Mexico Department of Human Services  
Project Director: Daniel Derksen, M.D., Director, New Mexico Office of Health Care Reform  
(505) 301-3096 dan.derksen@state.nm.us

This application was developed by the New Mexico Office of Health Care Reform and the Human Services Department in partnership with the New Mexico Division of Insurance, the New Mexico Department of Health and our Interagency Leadership Committee representatives. We received broad stakeholder input throughout the grant development process.

We appreciate the opportunity to establish the New Mexico Health Insurance Exchange. We look forward to working with you and the Department of Health and Human Services.

Sincerely,

A handwritten signature in blue ink that reads "Sidonie Squier".

Sidonie Squier, Secretary  
New Mexico Human Services Department.



## State of New Mexico

Susana Martinez  
Governor

September 27, 2011

The Honorable Kathleen Sebelius  
Secretary, U.S. Department of Health and Human Services  
200 Independence Avenue SW  
Washington, DC 20201

*RE: CFDA No. 93.525 – Cooperative Agreement to Support Establishment of State Operated Health Insurance Exchanges*

Dear Secretary Sebelius:

I am pleased to endorse New Mexico's application for a Level 1 Health Insurance Exchange Establishment Grant and Cooperative Agreement.

Project Title: New Mexico Health Benefit Exchange Level One Grant  
Applicant Name: New Mexico Department of Human Services  
Project Director: Daniel Derksen, M.D., Director, New Mexico Office of Health Care Reform  
(505) 301-3096 dan.derksen@state.nm.us

Over 435,000 New Mexicans do not have health insurance coverage. We propose to develop the New Mexico Health Insurance Exchange in way that expands access to affordable health insurance and quality health care by fostering competitiveness and encouraging greater efficiency and individual choice.

Grant funding will allow us to create a health insurance exchange that best meets the needs of individuals and small businesses in New Mexico.

Sincerely,

A handwritten signature in cursive script that reads "Susana Martinez".

Susana Martinez  
Governor

NEW MEXICO PUBLIC REGULATION COMMISSION

**COMMISSIONERS**

DISTRICT 1 JASON MARKS  
DISTRICT 2 PATRICK H. LYONS, CHAIRMAN  
DISTRICT 3 JEROME D. BLOCK  
DISTRICT 4 THERESA BECENTI-AGUILAR, VICE CHAIR  
DISTRICT 5 BEN L. HALL



P.O. Box 1269  
1120 Paseo de Peralta  
Santa Fe, NM 87504-1269

**CHIEF OF STAFF**

Johnny Montoya

**INSURANCE DIVISION**  
John Franchini, Superintendent  
505-827-4299

Monday, September 26, 2011

The Honorable Kathleen Sebelius  
Secretary, U.S. Department of Health and Human Services  
200 Independence Avenue SW  
Washington, DC 20201

*RE: CFDA No. 93.525 – Cooperative Agreement to Support Establishment of State Operated Health Insurance Exchanges*

Dear Secretary Sebelius:

The New Mexico Public Regulation Commission's Division of Insurance is pleased to support New Mexico's application for a Level 1 Health Insurance Exchange Establishment Grant and Cooperative Agreement. We are committed to working in close partnership with the New Mexico Human Services Department and other agencies and entities in planning and implementation activities for the New Mexico Health Insurance Exchange.

We will be actively participating in a number of Exchange core areas, including certification and regulation of Qualified Health Plans, rate review, consumer assistance, licensing of Navigators, and reinsurance and risk adjustment. Additionally, we will be taking a leadership role in ensuring that insurance market reforms required by the Affordable Care Act are enacted in New Mexico.

We look forward to these partnership activities as we work cooperatively to develop the New Mexico Health Insurance Exchange.

Sincerely,

A handwritten signature in cursive script that reads "John Franchini".

John Franchini  
Superintendent of Insurance  
New Mexico Public Regulation Commission  
(505) 827-4299

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**PRC**  
Working for You!



Susana Martínez, Governor  
Sidonie Squier, Secretary

## New Mexico Human Services Department

Medical Assistance Division

PO Box 2348

Santa Fe, NM 87504-2348

Phone: (505) 827-3103; Fax: (505) 827-3185

September 23, 2011

The Honorable Kathleen Sebelius  
Secretary, U.S. Department of Health and Human Services  
200 Independence Avenue SW  
Washington, DC 20201

*RF: CFDA No. 93.525 – Cooperative Agreement to Support Establishment of State Operated Health Insurance Exchanges*

Dear Secretary Sebelius:

The New Mexico Human Services Department's Medical Assistance Division is pleased to provide this letter of support and participation for the Level I Health Insurance Exchange Establishment Grant and Cooperative Agreement. As the state Medicaid agency, we are committed to working in close partnership with all the participating organizations in planning and implementation activities for the New Mexico Health Insurance Exchange.

Specifically, we agree to collaborate with the Exchange on developing shared functionalities and ensuring coordinated approaches to all shared and related functions. We will coordinate closely in the areas of eligibility and enrollment, outreach, and other areas that require interface with Medicaid systems. We will work closely with the Exchange to avoid any duplication of effort and we will not fund Medicaid or CHIP specific functions with Exchange grant funds.

We look forward to these partnership activities as we work cooperatively to develop the New Mexico Health Insurance Exchange.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie Weinberg".

Julie Weinberg, Director  
Medical Assistance Division





**NEW MEXICO OFFICE OF HEALTH CARE REFORM**  
2009 Pacheco Street P.O. Box 2348  
Santa Fe, NM 87504-2348

Phone 505-827-7750

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September 27, 2011

The Honorable Kathleen Sebelius  
Secretary, U.S. Department of Health and Human Services  
200 Independence Avenue SW  
Washington, DC 20201

*RE: CFDA No. 93.525 – Cooperative Agreement to Support Establishment of State Operated Health Insurance Exchanges*

Dear Secretary Sebelius:

I write to support New Mexico's application for a Level 1 Health Insurance Exchange Establishment Grant and Cooperative Agreement.

With this application, New Mexico seeks funding to modernize the state's health insurance market based on the fundamental principles of real consumer choice, competition, shared responsibility, and value to create the New Mexico Health Insurance Exchange (NMHIX).

Of New Mexico's population of two million, Medicaid covers 550,000, Medicare covers 300,000 and 430,000 are uninsured. Of the uninsured, an estimated 175,000 will become eligible for Medicaid and up to 250,000 for NMHIX between 2014 and 2020. It is estimated that as many as 135,000 of the uninsured will enroll in 2014 (80,000 through the expansion of Medicaid, and 55,000 through the NMHIX).

As the Director, New Mexico Office of Health Care Reform, I will be working closely with state and federal agencies and stakeholders to carry out the NMHIX objectives. I look forward to working with you and the Department of Health and Human Services.

Sincerely,

A handwritten signature in black ink that reads "D. Derksen M.D.".

Dan Derksen, MD  
Director, New Mexico Office of Health Care Reform



SUSANA MARTINEZ, GOVERNOR

CATHERINE D. TORRES, M.D., CABINET SECRETARY

September 23, 2011

The Honorable Kathleen Sebelius  
Secretary, U.S. Department of Health and Human Services  
200 Independence Avenue SW  
Washington, DC 20201

*RE: CFDA No. 93.525 – Cooperative Agreement to Support Establishment of State Operated Health Insurance Exchanges*

Dear Secretary Sebelius:

The New Mexico Department of Health is pleased to provide this letter of support and participation for the Level I Health Insurance Exchange Establishment Grant and Cooperative Agreement. Our department is responsible for the state's public and preventive health programs, certain Medicaid programs, health facility licensing and certification, and other health care programs.

We are actively participating with the Human Services Department and the Office of Health Care Reform in development and planning activities for the New Mexico Health Insurance Exchange and are committed to an ongoing partnership. We are coordinating closely on information technology issues, workforce planning, and integration of state-subsidized health programs. We look forward to the continuation of this intragovernmental partnership as we work cooperatively to develop the New Mexican Health Insurance Exchange.

Sincerely,

Catherine D. Torres, M.D.  
Cabinet Secretary  
New Mexico Department of Health



**OFFICE OF THE SECRETARY**

1190 St. Francis Drive, N4100 • P.O. Box 26110 • Santa Fe, New Mexico • 87502-6110  
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[www.nmhia.com](http://www.nmhia.com)

September 23, 2011

The Honorable Kathleen Sebelius  
Secretary, U.S. Department of Health and Human Services  
200 Independence Avenue SW  
Washington, DC 20201

*RE: CFDA No. 93.525 – Cooperative Agreement to Support Establishment of State Operated Health Insurance Exchanges*

Dear Secretary Sebelius:

The New Mexico Health Insurance Alliance is pleased to provide this letter of support and participation for the Level 1 Health Insurance Exchange Establishment Grant and Cooperative Agreement. The Alliance was created by statute in 1994 as a nonprofit public corporation to provide increased access to voluntary health insurance coverage for small employer groups in New Mexico and to provide for access to voluntary health insurance coverage for individuals in the individual market who have met eligibility criteria established by the Act.

The Alliance has been designated as the organizational entity to house the New Mexico Health Insurance Exchange. We will work cooperatively with the New Mexico Human Services Department, the Office of Health Care Reform, and the New Mexico Division of Insurance to plan and implement all aspects of the Exchange.

We look forward to working with the State in this partnership to develop the New Mexico Health Insurance Exchange.

Sincerely,

Mike Nuñez  
Executive Director  
New Mexico Health Insurance Alliance

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"When no one else will help, we're there."

September 23, 2011

The Honorable Kathleen Sebelius  
Secretary, U.S. Department of Health and Human Services  
200 Independence Avenue SW  
Washington, DC 20201

*RE: CFDA No. 93.525 – Cooperative Agreement to Support Establishment of State Operated Health Insurance Exchanges*

Dear Secretary Sebelius:

The New Mexico Medical Insurance Pool (NMMIP) is pleased to provide this letter of support and participation for the Level I Health Insurance Exchange Establishment Grant and Cooperative Agreement. NMMIP was established by statute in 1987 as a nonprofit entity to provide access to health insurance coverage to all residents of New Mexico who are denied adequate health insurance and are considered uninsurable. NMMIP also administers the federal high risk pool program.

We will participate in planning and implementation activities with the New Mexico Human Services Department and the Office of Health Care Reform and will work cooperatively to plan for the future functions of the NMMIP and integration with the New Mexico Health Insurance Exchange. Our board will work in partnership with the Exchange to plan for risk adjustment and reinsurance strategies and to identify potential roles for the NMMIP in those areas as the Exchange is implemented.

We look forward to partnering with the State as we work cooperatively to develop the New Mexico Health Insurance Exchange.

Sincerely,

A handwritten signature in black ink that reads "Deborah Armstrong". The signature is written in a cursive style and is positioned above the printed name.

Deborah Armstrong, P.T., J.D.  
Executive Director  
New Mexico Medical Insurance Pool

Administered by Blue Cross and Blue Shield of New Mexico

September 15, 2011

Dr. Dan Derksen, Director  
Office of Health Care Reform  
2009 S. Pucheco St.  
Santa Fe, NM 87504

RE: PROVIDER STAKEHOLDERS SUPPORT FOR GRANT APPLICATION TO OBTAIN FEDERAL IMPLEMENTATION FUNDS TO DESIGN AND IMPLEMENT A HEALTH INSURANCE EXCHANGE IN NEW MEXICO

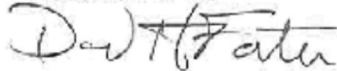
Dear Dr. Derksen:

Provider stakeholders greatly appreciate your participation in our most recent meeting, and fully support the direction and initiatives you presented for the Office of Health Care Reform.

Provider stakeholders also fully support the initiative to submit a grant application for federal implementation funds to design and develop a Health Insurance Exchange (HIX) in the State of New Mexico. We firmly believe New Mexicans are best positioned to determine how an Exchange will operate in this State, and welcome your invitation to be a part of this process. We have agreed that design of the New Mexico Exchange should be guided by the following precepts. The HIX should:

1. Expand consumer choice and access by serving as a real market place for qualified plans;
2. Assure easy access for all stakeholders by:
  - a. Adopting policies and procedures that are clear and streamlined;
  - b. Employing technologies that facilitate easy utilization through user-friendly, intuitive interfaces, and navigation, and provide accurate, timely information with straightforward language;
  - c. Implementing a robust training program that is widely publicized and disseminated throughout all areas of the State on how to use the system and where to find resources; and
  - d. Assuring communication delivery and communication access throughout all areas of the State.
3. Be a New Mexico based, quasi public entity that operates independently of State government, but is accountable to it, governed by a balanced, representative board using sound management principles of defined authority, accountability, transparency, auditing, and reporting.
4. Achieve cost containment through administrative efficiencies, not by cutting rates paid to providers or by reducing services;
5. Provide quick and accurate turnaround to stakeholders on mandated information;
6. Set up co-operative, collaborative problem resolution processes and design processes so that stakeholders with issues aren't mired in red tape seeking resolution; and
7. Be designed around and supportive of the "Triple Aim" objectives:
  - a. Improve the health of the population;
  - b. Enhance the patient experience (including quality, access, and reliability); and
  - c. Reduce, or at least control, the per capita cost of care.

Respectfully submitted,



David H. Foster, Chair

September 26, 2011

Dr. Dan Derksen, Director  
Office of Health Care Reform  
New Mexico Human Services Department  
2009 S. Pacheco St.  
Santa Fe, NM 87504

*RE: CFDA No. 93.525 – Cooperative Agreement to Support Establishment of State Operated Health Insurance Exchanges*

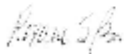
Dear Dr. Derksen:

The Native American stakeholder group is pleased to provide this letter of support for the Level I grant application for the development of a New Mexico Health Insurance Exchange.

New Mexico has many unique challenges in implementing an Exchange and we are committed to being a strong partner to ensure the NMHIX effectively meets the needs of Native Americans. We believe that through this close collaboration New Mexico's Exchange development can be a model for other tribal communities around the country.

We appreciate the opportunity our stakeholder group has had to provide input to the Office of Health Care Reform in the grant planning activities and we look forward to an ongoing partnership with the state during the Exchange development and implementation. We plan to very actively participate in the next phase of intensive workgroup activities to help guide the detailed implementation throughout the Level I grant period. We appreciate the ongoing commitment of the OCHR for active input from our stakeholder group.

Sincerely,



Roxane Spruce Bly

September 28, 2011

Dr. Dan Derksen, Director  
Office of Health Care Reform  
New Mexico Human Services Department  
2009 S. Pacheco St.  
Santa Fe, NM 87504

*RE: CFDA No. 93.525 – Cooperative Agreement to Support Establishment of State Operated Health Insurance Exchanges*

Dear Dr. Derksen:

The insurer stakeholder group is pleased to provide this letter of support for the Level I grant application for the development of a New Mexico Health Insurance Exchange.

We believe it is important for New Mexico to meet the needs of our unique population proactively, and appreciate the opportunity stakeholders have had thus far to provide input to the Office of Health Care Reform in the grant planning activities. We are fully committed to providing the necessary resources for expanding outreach to underserved consumers and community providers, and to working with the state to implement necessary changes to the health care system. As New Mexico insurers we have an extensive knowledge of our state consumer base and current health underwriting and health care funding mechanisms, and believe it is important to leverage these existing resources in order to provide cost effective implementation that focuses on improved patient outcomes.

We look forward to an ongoing partnership with the state during NMHIX development and implementation. We plan to participate in the next phase of intensive workgroup activities to help guide the detailed implementation throughout the Level I grant period. We appreciate the ongoing commitment of the OCHR for active input from all stakeholder groups.

Sincerely,



Michael Wallace  
Co-Chairman  
Insurer Stakeholder Group, NM Office of Health Care Reform



September 26, 2011

Dr. Dan Derksen, Director  
Office of Health Care Reform  
New Mexico Human Services Department  
2009 S. Pacheco St.  
Santa Fe, NM 87504

*RE: CFDA No. 93.525 - Cooperative Agreement to Support Establishment of State Operated Health Insurance Exchanges*

Dear Dr. Derksen:

The Information Technology stakeholder group is pleased to provide this letter of support for the Level I grant application for the development of a New Mexico Health Insurance Exchange.

We appreciate the opportunity stakeholders have had to provide input to the Office of Health Care Reform in the grant planning activities and look forward to an ongoing partnership with the state during NMHIX development and implementation. We plan to participate in the next phase of intensive workgroup activities to help guide the detailed implementation throughout the Level I grant period. We appreciate the ongoing commitment of the OCHR for active input from all stakeholder groups.

Sincerely,

A handwritten signature in blue ink, appearing to read "David Perry", is written over a faint, circular watermark or background graphic.

David Perry

NMHIX Information Technology Stakeholder Group Chair

Chief Information Officer, LCF Research

LCF Research is the State Designated Entity for the New Mexico Health Information Collaborative (NMHIC) health information exchange (HIE) network.



Judith M. Espinosa  
Principal  
ph 505.280.8478  
Judith@PolicyConnections.org



Charlotte Roybal  
Principal  
ph 505.930.0563  
fax 505.438.2094  
Charlotte@PolicyConnections.org

**September 26, 2011**

Dr. Dan Derksen, Director  
Office of Health Care Reform  
New Mexico Human Services Department  
2009 S. Pacheco St.  
Santa Fe, NM 87504

*RE: CFDA No. 93.525 – Cooperative Agreement to Support Establishment of State Operated Health Insurance Exchanges*

Dear Dr. Derksen:

The Small Employer stakeholder group is pleased to provide this letter of support for the Level I grant application for the development of a New Mexico Health Insurance Exchange. Additionally Policy Connections, the New Mexico Partner with the National Small Business Majority strongly supports this grant request because it is necessary that New Mexico has the capacity to develop a strong Exchange.

With the second highest rate of uninsured in New Mexico, and the large number of small business owners, it is imperative that we move forward in creating an Exchange with important input from small employers.

We appreciate the opportunity stakeholders have had to provide input to the Office of Health Care Reform in the grant planning activities and look forward to an ongoing partnership with the state during NMHIX development and implementation. We plan to participate in the next phase of intensive workgroup activities to help guide the detailed implementation throughout the Level I grant period. We appreciate the ongoing commitment of the OCHR for active input from all stakeholder groups.

Sincerely,

  
Charlotte Roybal,

## **G. DESCRIPTION OF KEY PERSONNEL**

Outlined in the following section is the initial staffing proposed for the NMHIX and the partnering agencies for the Level I planning and implementation activities. OHCR will convene a Recruitment Committee comprised of representatives from HSD, OCHR, DOI, DOH, HIA, the Governor's office, and other partners to do the following: 1) recruit and interview candidates for the position of Executive Director of the NMHIX; and 2) make recommendations to the HIA Board on the hiring of the Executive Director.

The initial staff of the NMHIX shall include the following positions, which will report to the Executive Director: 1) an Executive Director, whose responsibilities will include the development of organizational strategy and long term plans for the Exchange in light of evolving laws, standards, and practices pertaining to health care reform; 2) a Deputy Director, whose responsibilities will include assisting the Executive Director in leading the staff to develop, implement, and operate the NMHIX, and oversight of all financial operations of the NMHIX; 3) a Director of Information Technology Systems, whose responsibilities will include the development of the technological infrastructure necessary for the NMHIX to fulfill its legally-mandated role in the implementation of health care reform, as well as the establishment and maintenance of the NMHIX information systems; 4) a Program Manager of Operations, whose responsibilities will include the management of the NMHIX staff, budget, and procurement process; 5) a Program Manager of Stakeholder Support and Outreach, whose responsibilities will include the management of the NMHIX communications with members of the public and the media, as well as the development of outreach and education campaigns to ensure that employers, government agencies, and members of the public are aware of the requirements of laws pertaining to health care reform and the benefits available through the NMHIX; 6) an Executive Assistant who will provide executive support to the Executive Director and the Deputy Director; and 7) a Clerical Assistant, whose responsibilities will include providing support to the staff of the Exchange.

In addition to the NMHIX staff, two positions are requested to supplement the existing staff of the OHCR, a Grants Manager and an Administrative Assistant. Existing staff of the OHCR that will provide in-kind support to the Level I grant activities include the Director of OHCR, an IT manager, a program manager, and a management analyst. Also requested is funding for three program managers at the Division of Insurance for additional support in the areas of certification/recertification/decertification of QHPs, risk adjustment and reinsurance, regulatory and legislative activities, and regulating of navigators.

### **Positions Requested For Funding through Level I Grant**

**HSD/OHCR Grants Manager:** The HSD/OHCR Grants Manager will provide oversight and management of all grants funds related to the NMHIX including HHS funding and RWJF funding. This position related to all core areas.

**HSD/OHCR Administrative Assistant:** The HSD/OHCR Administrative Assistant will provide overall administrative and clerical support to the OHCR for all NMHIX planning, development, and implementation activities and assist in coordinating meetings of the Interagency Leadership Committee. This position related to all core areas.

**NMHIX Executive Director:** The Executive Director will provide leadership and guide strategic planning and implementation for the NMHIX. The Executive Director will advise the NMHIX/HIA Board on all policy decisions related to the NMHIX and lead the staff to develop, implement, and operate the NMHIX. This position is related to all core areas.

**NMHIX Deputy Director:** The Deputy Director will provide executive leadership and assist the Executive Director in leading the staff to develop, implement, and operate the NMHIX. This position related to all core areas. The Deputy Director will also oversee financial operations of the NMHIX. This position is related to all core areas.

**NMHIX IT Director:** The NMHIX IT Director will manage the overall IT development and implementation and work closely with IT staff at HSD, DOI and other partnering entities. The IT Director will be responsible for the day-to-day management of all IT vendors and coordination with HSD vendors. This position is related to all core areas.

**NMHIX Program Manager-Operations:** The Operations Manager will oversee the business functions of the exchange and will provide operational supervision and work in collaboration with the partners for the NMHIX during development and implementation. This position is related to all core areas.

**NMHIX Program Manager- Stakeholder Support and Outreach:** Will oversee the development of the outreach and education campaigns for the NMHIX and coordinate and manage all stakeholder activities. This position is related to all core areas.

**NMHIX Tribal Assistance Center Director:** The Director of the Tribal Assistance Center will lead all activities related to providing leadership and strategic support to the Tribes and Pueblos to allow for successful NMHIX implementation coordinated with Native American systems and programs. This position is related to all core areas.

**NMHIX Tribal Assistance Center-Program Manager-Technical Assistance:** The Technical Assistance manager for the Tribal Assistance Center will coordinate provision of technical assistance requested by Tribes and Pueblos related to NMHIX development and implementation. This position is related to all core areas.

**NMHIX Tribal Assistance Center-Program Manager—Outreach and Education:** The Outreach and Education manager for the Tribal Assistance Center will assist the Tribe and Pueblos in developing and implementing an outreach and education plan targeted to the unique needs of Native Americans and coordinate stakeholder meetings and is related to all core areas.

**NMHIX Executive Assistant:** The Executive Assistant will provide executive administrative support to the Executive Director and Deputy Director, will manage Board activities, and oversee office management and the clerical assistant. This position is related to all core areas.

**NMHIX Clerical Assistant:** The Clerical Assistant will provide administrative support functions for the Executive Assistant and other staff of the NMHIX, including basic tasks such as filing and records management, mail, and maintaining equipment and supplies. This position is related to all core areas.

**DOI Program Managers (3 FTE):** DOI Program Managers will provide analysis and support for the functions related to QHP certification processes, necessary actuarial work, risk adjustment and reinsurance, regulatory and legislative analysis, IT interface and coordination, and licensing processes for Navigators. These positions relate to the core areas of QHP Certification, Legislative and Regulatory, Risk Adjustment and Reinsurance, and Navigators.

**ORGANIZATIONAL CHART**—included on as Figure 1 on page 19.

**ATTACHMENT 1  
BIO SKETCHES OF KEY PERSONNEL**

**Dan Derksen, M.D.** ó Governor Susana Martinez appointed Dr. Derksen Director, New Mexico Office of Health Care Reform in August 2011. OHCR priorities are establishing the state's health insurance exchange, modernizing Medicaid, and assuring an adequate health workforce.

After graduating from the University of Arizona College of Medicine in 1984, Dr. Derksen completed a family medicine residency at the University of New Mexico, then joined the faculty where he has worked for 25 years. He is a Professor in the Department of Family & Community Medicine and senior fellow in the RWJF Center for Health Policy.

Dr. Derksen completed a Robert Wood Johnson (RWJ) Health Policy Fellowship in 2008 with Senator Jeff Bingaman. During his time in D.C., Dr. Derksen researched and drafted provisions for a comprehensive health workforce bill - S.790 "The Health Access and Health Professions Supply Act of 2009." The cornerstones were creating a National Health Care Workforce Commission, Public Health Sciences Track, and Teaching Health Centers. These provisions were included in Title V of HR 3590 the "Patient Protection and Affordable Health Care Act."

Dr. Derksen was President of the NM Medical Society in 2009 and worked on medical home pilot legislation (HB 710) for Medicaid/CHIP programs. He served on the American Academy of Family Physicians Commission on Governmental Advocacy, the AAFP Working Group on Rural Health, the American Hospital Association's Governing Council on Small or Rural Hospitals, the Leadership Committee of New Mexico's RWJ Aligning Forces for Quality initiative, and the LCF Research Board of Directors - the state's health information exchange. He served on steering committees for the RWJ State Coverage Insurance initiative. SCI now provides health insurance for over 40,000 of NM's working poor.

Between 1990 to 2010, Dr. Derksen was Principal Investigator (PI) of state, federal and private foundation funding in excess of \$14 million. His first grant expanded family medicine residency training to community-based sites. These programs retained 50 to 75% of their graduates to practice in NM, many in rural areas, and served as the models for ACA Teaching Health Center provisions. He was PI for the Kellogg Community Voices initiative which helped develop the UNM Care Plan for Bernalillo County's uninsured and the UNM dental residency.

He worked five years as Director, UNM Office of Health Services executing public/private payer contracts for the hospital and practice plan; two years as Director of the 550-member faculty practice plan; two years on the TriWest Board of Directors (CHAMPUS); and over 10 years as Director of the UNM Locum Tenens and Specialty Extension Services Programs that provided over 700 days/month of clinical services emphasizing safety net practices.

**Sidonie Squier, Cabinet Secretary, New Mexico Human Services Department**--Governor Susana Martinez nominated Sidonie Squier to serve as her Cabinet Secretary of the Human Services Department on December 23, 2010. Squier served as the director of the Office of Family Assistance at the U.S. Department of Health and Human Services from June 2005 through January 2009, where she oversaw the provision of help to needy families through the Temporary Assistance for Needy Families Program (TANF).

She has worked at both the state and Federal levels on various social assistance programs and areas, including TANF, Medicaid, nutrition and domestic violence. Secretary Squier has also served as an associate commissioner in the Office of Family Services with the Texas Health and Human Services Commission, as well as the director of economic self-sufficiency and welfare reform administrator in the Florida Department of Children and Families.

She is a graduate of California State University, Long Beach, with B.A. and M.A. degrees in Communications. The Human Services Department administers and oversees several federal and state programs including; the enforcement of child support payments, the administration of substance abuse and mental health programs, and the provision of food, financial assistance and health care to those who qualify.

**John G. Franchini, Superintendent of Insurance** Mr. Franchini has served as Superintendent of the New Mexico Division of Insurance since July 2010. He is a native New Mexican and graduate of Creighton University in Omaha, has over 35 years experience in the insurance industry. He joined Consolidated Agency, his father's independent insurance agency, while attending graduate school at the University of New Mexico and purchased it ten years later and expanded it to four locations employing 82 people and servicing nearly 15,000 customers. During that time, he served on the New Mexico Workers' Compensation Assigned Risk Pool Board of Governors, the Patient Compensation Administration Board of Directors, and was elected president of the Independent Insurance Agents of New Mexico. In 1998, Poe & Brown, a national insurance broker, purchased the business. He was named vice president, and his responsibilities included new business production, development of specialized insurance programs, and agency acquisitions and received the company's "Top Gun of New Mexico" award in 2000 and the "Top Gun of the Southwest" award in 2001.

He joined New Mexico Mutual in 2002 and was eventually named Vice President of Government and Industry Affairs. At New Mexico Mutual, he worked with state legislators, members of regulatory agencies, and insurance agents to strengthen the company's financial and public standing. He is a member of the Leadership New Mexico Class of 2007, former board member of the Rocky Mountain Insurance Information Association, and past president of the New Mexico Insurance Association.

**Mike Nuñez, Executive Director, New Mexico Health Insurance Alliance**— Mr. Nuñez has been the Executive Director of the NMHIA since 2009 and is responsible for the organizations strategic direction, day-to-day operations, business development, executive oversight, organizational leadership, and leadership of external constituencies. He has over 25 years of experience in health care and third party administrative services management positions. He served as a senior employee benefit consultant to Mercer Health and Benefits from 1993-2008 and was responsible for development of long term benefit strategies and contribution modeling for larger New Mexico public sector employers. Prior to that, for eight years, he was the Vice President of two regional third party administration companies who provided eligibility, premium collection, and financial accounting services for the New Mexico Public Schools Insurance Authority and the New Mexico Retiree Health Care Authority. He was initial IBAC (Interagency Benefits Advisory Committee) project manager responsible for the bidding, evaluation and award of medical, pharmacy and ancillary carrier contracts for state agencies required under the Health Care Purchasing Act (13-7 NMSA 1978).

**Brian Pietrewicz, CIO, New Mexico Human Services Department** -- Brian Pietrewicz served as a systems engineer in the private sector from 1999 to 2004. He was a Director of Network Services in the private sector from 2004 to 2009. Mr. Pietrewicz became Deputy CIO for the New Mexico Human Services Department in early 2009 to, and in this capacity he was responsible for oversight of all the department's infrastructure. Mr. Pietrewicz now serves as acting CIO of the Human Services Department in December 2009, and is responsible for oversight of all facets of information technology.

**Priscilla Caverly--HSD Native American Liaison OHCR** —Ms. Caverly serves as key staff on state-tribal issues for the Department and assists in formalizing the HSD's government-to-government relations. She works in partnership with the Native American Liaisons in the other Health and Human Services Departments and with the Indian Affairs Department. Ms. Caverly leads the Department's efforts to achieve the goals and objectives of HSD's Native American Initiative by working with tribal health and human services staff to address Native American issues across multiple state and federal program areas. Through outreach and communication regarding HSD programs and services, she addresses tribal concerns and gathers input on developing solutions. To more effectively achieve the Department's goals in this area, Ms. Caverly develops training in cultural awareness and sensitivity for HSD staff to enhance their work with Tribal Governments.

**Jonni Lu Pool—Management Analyst OHCR** — Ms. Pool provides management analysis, support, and assistance to the OCHR. She has worked as a paralegal in California, Texas, and New Mexico. She is a member in good standing of the New Mexico Bar Association Paralegal Division. Pool has worked as an investigator and researcher for state agencies involving the medical field, as supervisor for the Enrolling and Engrossing Department for the Senate of the State of New Mexico, and as a contract paralegal and researcher for law firms specializing in water law, oil and gas transactional law, and civil litigation. Pool has supervised a variety of volunteer groups and served as co-editor for a local book of outdoor activities.