

Office of Consumer Information and Insurance Oversight

**State Planning and Establishment Grants for the
Affordable Care Act's Exchanges**

**Alabama Department of Insurance
Quarterly Report 4**

Date: October 28, 2011

State: Alabama

Project Title: Alabama Exchange Planning Grant

Project Quarter Reporting Period:
Quarter 4 (07/01/2011-09/31/2011)

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Award number: 1 HBEIE100006-01-00

Date submitted: October 28, 2011

Project Summary

The Alabama Department of Insurance has been working closely with its contractor, LMI, and partner agencies: the Alabama Medicaid Agency, the Alabama Department of Mental Health, the Alabama Department of Public Health (ALL Kids), and the Alabama Department of Finance Information Services Division on the Exchange planning and establishment grant. Significant progress has been made in Exchange planning.

Core Areas

• **Background Research**

Current health insurance markets

As one of its projects for the DOI, LMI and Mathematica designed and conducted a formal analysis of the current health insurance market, including a review of information currently reported to the DOI, available plan designs and payment models, and modeling the impact the Affordable Care Act (ACA) changes will have on the market. The study also looked at enrollment in grandfathered plans within the State, the premium impact of reforms, and the present breadth and anticipated future of the limited medical benefit plan market.

While expanded benefits likely will improve the value of coverage in 2014, they might also drive premiums higher if the many Alabamians who will newly enter the market are not younger and healthier than those currently enrolled, and if carriers and providers do not also pursue strategies to improve the effectiveness and efficiency of health care services provided and also reduce their administrative costs.

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A number of factors could affect enrollment in coverage offered through either the individual Exchange or SHOP (small group) Exchange in Alabama. These include the extent to which carriers market and write products outside of the Exchange; whether they would encourage the movement of individuals and/or small groups into AHPs or MEWAs; and whether they would encourage small groups, AHPs, or MEWAs to become self-insured. The degree to which Alabama's regulations apply uniformly across all sources of individual and small group coverage—and also clarify the distinction between insured groups and self-insured groups with stop loss or reinsurance coverage—could greatly affect the level and stability of enrollment in the individual Exchange and SHOP Exchange.

The study also showed that it seems likely that carriers with open products, and that are actively marketing individual or small group coverage in Alabama, would probably participate in either or both the individual Exchange and the SHOP Exchange. However, it seems unlikely that new carriers would enter Alabama's individual or small group markets soon, due to the difficulty of gaining the name recognition and reputation necessary to build a sufficient consumer base and strong provider networks when Blue Cross Blue Shield of Alabama (BCBSAL) is so dominant, the uncertainty of a market where BCBSAL is carrying so much individual business in closed products, and the presence of so many carriers in Alabama—including BCBSAL—that currently write MEWAs or AHPs.

However, the absence of new carriers entering Alabama's individual and small group markets is not necessarily a problem for either the individual Exchange or the SHOP Exchange. A larger and more transparent market in Alabama seems likely to offer existing carriers substantial opportunities to grow over time, especially if carriers that now compete in either the individual or small group market can be encouraged to crossover into the other market. If successful, this crossover could offer individuals important new plan options—including HMO options that do not currently exist in the individual market—and deliver more competition to the small group market as well.

The uninsured and underinsured

With LMI, Mathematica also developed a report to assist the State in understanding the population that may purchase health insurance through an Exchange. The study utilized existing survey data including the Alabama sample of the American Community Survey (ACS), the Alabama sample of the Current Population Survey (CPS), the Alabama Behavioral Risk Factor Surveillance System (BRFSS) and the south-region sample of the National Health Interview Survey (NHIS).

In 2010, 84 percent of Alabama's 4.1 million residents under age 65 reported having some form of health insurance coverage—private health insurance, Medicaid, ALL Kids, or Medicare. When the ACA is fully in place in 2014, it will provide new coverage opportunities for an estimated 2 million Alabamians— 49 percent of the non-elderly population—in Medicaid or ALL Kids, the Exchange, or the SHOP Exchange.

Those with access to new sources of coverage include every Alabamian who is currently uninsured, as well as many low-income individuals or families of workers employed in small firms who are currently insured or underinsured.

In 2010, the majority of Alabamians were covered by employer-based plans. Altogether, 59 percent of all adults and children received coverage through an employer or union. Most will not experience changes in coverage in 2014. Insurance coverage may, however, change for workers at small businesses, because employers with up to 100 employees will be eligible to participate in a SHOP Exchange in 2016 (or in 2014 if the State elects to expand its current definition of small business prior to the 2016 requirement). In 2010, about one-third of residents with employer-based coverage were employed at small businesses with less than 100 employees.

Nineteen percent of Alabamians under age 65 received coverage through public programs in 2010, with 17 percent covered by Medicaid or ALL Kids. These programs were particularly important for children, providing coverage for 45 percent of Alabamians under age 19. In 2014, the number of people eligible for Medicaid will double as eligibility is extended to all adults and children with incomes below 138 percent of the federal poverty line (FPL). In total, 38 percent of Alabamians under age 65 would meet the eligibility standards for Medicaid or ALL Kids under the ACA.

Over 16 percent of Alabamians under age 65 were uninsured in 2010, the majority of whom were adults. More than half of the uninsured had incomes low enough to qualify for Medicaid or ALL Kids under the ACA, and 38 percent had incomes that will qualify for federal tax credits towards the cost of private coverage in the individual Exchange. Eight percent had incomes above 400 percent FPL, and these higher-income individuals will be eligible to

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participate in the individual Exchange but will not qualify for federal tax credits. Altogether, the population eligible to participate in the individual Exchange (excluding those eligible for public programs or receiving employer-based coverage) is one-and-a-half to two times larger than the population currently purchasing policies in the individual market.

In 2010, seven percent of Alabamians were underinsured (defined as forgoing needed medical care due to cost despite having private coverage). Ten percent of the underinsured had individual policies purchased directly. Under the ACA, roughly half of this group will be eligible for public programs and the other half will be eligible to purchase policies in the Exchange. Ninety percent of the underinsured had employer-based coverage; the majority of these individuals work for large employers and will not qualify for new sources of coverage under the ACA, unless the coverage offered is unaffordable or does not meet the 60% actuarial value standard.

The population eligible for Medicaid or ALL Kids under the ACA includes proportionately more adults than the population currently eligible for those programs. Children newly eligible for Medicaid or ALL Kids reported about the same number of health conditions and risk factors as currently eligible children, while newly eligible adults reported fewer health conditions and risk factors than currently eligible adults.

Compared with Alabamians who currently have individual coverage, those eligible to purchase coverage through the Exchange are less likely to be children and more likely to be adults over age 30. Children eligible for individual coverage in the Exchange reported about as many risk factors and health conditions as those currently insured with individual policies. In contrast, adults eligible for the Exchange were more likely to report having health risk factors but less likely to report having chronic conditions or cancer than adults currently insured in the individual market.

Actuarial impact of the ACA on the individual and small group markets

As part of its research, LMI and its subcontractors focused on how the insurance reforms within the ACA would impact Alabama's individual and small group health insurance markets. In addition, LMI provided actuarial guidance that centered on strategies to mitigate the adverse selection that could occur with the development of Exchange rules. The goal of this effort was to assist Alabama in understanding possible impacts for each of the decisions that must be made. Issues identified through this analysis are discussed in the proposal to meet program requirements section as they will be assessed in more detail during the Establishment cooperative agreement period.

• **Governance**

On June 2, 2011, Governor Bentley signed Executive Order No. 17 establishing the Alabama Health Insurance Exchange Study Commission. The Executive Order was revised on September 15 (see Appendix A) to allow for additional gubernatorial appointees if necessary. The commission serves as an advisory group to the Governor and must make the following recommendations to the Governor and Legislature by December 1, 2011:

- Where an Alabama Exchange should be housed;
- The structure of the Exchange governing board;
- How to create a financially sustainable Exchange;
- Delineation of functions of the Exchange; and
- How the Exchange will affect the insurance market and existing health programs and agencies including Public Health and Medicaid.

The Study Commission held its first meeting on September 16, 2011, where it reviewed the critical decision points and held a brief discussion. The October 7 meeting served as an in-depth educational session to discuss LMI and DOI findings as part of the background research and study. No official action was taken at the October 7 meeting. On October 20, the first recommendations will be determined. Agendas for these meetings as well as the September 16 meeting minutes, approved at the October 20 meeting, are included with this report. Currently, the Study Commission is on target for the report deadline of December 1.

The following is a list of the current Study Commission members:

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Richard	Brockman	Nursing Home Association
Grace	Bush	Consumer
Noel	Carden	Non-Profit Insurer
Craig	Christopher	Physician Providers
Rosemary	Elebash	Small Business
Jim	McClendon	Chair of the House Health Committee
Bob	Mullins	Medicaid Commissioner
Ron	Perkins	Business Community
Greg	Reed	Chair of the Senate Health Committee
Jim	Ridling	Insurance Commissioner
Shane	Spees	AL Hospital Association Rep.
Deborah	Tucker	CEO Whatley Health Services
Margaret	Whatley	Finance Director Designee
Bart	Yancey	For-Profit Insurer
Thomas	Younger	AL Independent Insurance Agents

- **Program Integration**

As Alabama continues to plan for implementing the ACA, expanding the State’s Medicaid program, and establishing the Exchange, the State will need to coordinate a number of activities across Medicaid, ALL Kids and the Exchange. To date, the DOI has been working closely with staff from Medicaid, Information Services Division, the Department of Mental Health, ALL Kids and, now the Exchange office, to develop a vision of program integration and the “no wrong door” approach for Alabamians seeking insurance through the Exchange. A steering committee of key staffers from each agency meets weekly to discuss both policy level and operational implementation issues within and across the agencies.

- **Resources and Capabilities**

During the Exchange planning grant period, the DOI has been conducting the background research necessary to narrow the decisions state leaders will need to make in order to create the foundation and blueprint for an Alabama Exchange. To further the State’s efforts, the Governor established the Office of the Health Insurance Exchange and named Richard Fiore as Executive Director. He was empowered to build a core staff of highly focused

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professionals—a small, dedicated, extremely talented group—which, in partnership with HHS, will take the Alabama Health Insurance Exchange to the next level.

Here is an introduction to the current staff:

Richard Fiore, Executive Director

Richard Fiore, Executive Director of the Governor's Office of the Health Insurance Exchange, is responsible for overall oversight and management of the Exchange. Richard is also responsible for representing the Exchange at national, state and local events related to the implementation of the provisions of the ACA.

Kathleen Healey, Legal and Policy Advisor

In her role with the Department of Insurance, Kathleen Healey has extensive knowledge of the ACA as it affects insurance and insurers. She has worked with Alabama's Health Insurance Exchange Study Commission since its inception in June 2011, and she is very familiar with the subsequent regulations issued by HHS. Kathleen is responsible for ensuring compliance with federal guidance related to the ACA, assisting in grant preparation and reporting, drafting authorizing legislation for the Exchange and, ultimately, informing the Exchange's governing board about Alabama's progress during the establishment and implementation phases of the Exchange.

Becki Goggins, Privacy and Data Specialist

Becki Goggins is assisting the Exchange in implementing appropriate security/privacy protections when collecting, using, verifying, disclosing or disposing of personally identifiable information. This includes conducting a Privacy Impact Assessment (PIA) for the Exchanges that will be available on the Exchange's public website and for developing privacy policies related to the Exchange. She is also be responsible for ensuring that IT systems developed for the Exchange conform to national standards for data sharing including the National Information Exchange Model (NIEM), Global Federated Identity and Privilege Management (GFIPM) and the Exchange Reference Architecture (ERA).

Dustin Jones, Grant Administrator and Analyst

Dustin is providing oversight of all federal funding streams used by the Exchange. Additionally, he is charged with the ongoing responsibility to seek out and research grants and other funding opportunities pertinent to the Exchange and encourage creativity and innovation. He will develop grant proposals, as well as financial and progress reports. Dustin will provide project management support for the Exchange including conducting needs assessments, budgeting, planning and vendor and contract management in subsequent grant awards. Finally, Dustin will help to coordinate efforts among state agencies, public universities, vendors, and others to assist in the establishment of the Exchange.

Meghan Youngpeter, Executive Assistant

Meghan Youngpeter is responsible for providing administrative and executive support to all efforts of the Exchange. She coordinates staff schedules, meetings and training conferences; organizes staff travel; and can locate staff or arrange meetings on a moment's notice. In addition, Meghan will develop presentations and other documents as part of educational and outreach efforts during the initial establishment of the Exchange and the Exchange Office.

- **Finance**

The Exchange Study Commission is currently reviewing options for financial sustainability and financial functions of the Exchange.

1. **Recommendation for Exchange financial sustainability.** LMI is working on a written analysis of sustainable financing options for having a self-sustaining Exchange by 2015. The analysis will include budget estimates for the Exchange and recommendations for implementing a fully functioning and financially sustainable Exchange. LMI is developing volume estimates, benchmarking costs, and staffing data from existing public and private exchanges, and determining the types of positions and salaries likely to be needed to operate the Exchange.
2. **Recommendation relating to Exchange finance functions.** LMI is also developing a written assessment of financial functions which will include options, costs estimates and recommendations. The assessment should account for a variety of finance-related functions of an Exchange, such as: development of accounting and

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auditing systems, procedures, standards and controls; collection and safeguarding of premiums; reconciling tax credits and cost-sharing subsidies; control of waste, fraud, and abuse; creation of transparency and financial reporting mechanisms for the public; and development of the technical infrastructure to comply with Federal reporting requirements.

3. **Creation of an implementation plan.** The Department and LMI will discuss the best Exchange model based on studies and analyses completed relating to the financial environment and impacts on the Exchange. From there, LMI will develop an implementation plan that clearly articulates key milestones, sets a schedule to establish a fully functioning Exchange, and accounts for internal and external infrastructure and resources that may be leveraged to support Exchange administration and operation. LMI is working to ensure the implementation plan concisely and clearly outlines the important elements of the project, precisely describes Department and LMI expectations, includes all timelines and project phases--paying particular attention to critical path items and interdependencies-- and sets forth the decision and management paths.

- **Technical Infrastructure**

The Information Services Division as well as lead IT staff from all applicable agencies has been fully engaged in initial IT systems discussions. As part of the IT gap analysis process, Alabama has begun to assess opportunities to leverage its existing Medicaid and ALL Kids systems as well as its Health Information Exchange (HIE) and MyAlabama.gov web portal to support core functions of the Exchange.

Alabama fully intends to build on the existing links between its Medicaid and ALL Kids eligibility and enrollment systems and retain the flexibility to integrate core Exchange IT functions into its current Alabama Medicaid Automated Enrollment System (AMAES) redesign procurement. The State has also discussed using artifacts from Early Innovator states in developing its modular open interface approach to Exchange IT systems development. An initial meeting was held on August 16, 2011, to identify all existing IT systems that could support Exchange functions and subsequent interviews were conducted with system owners to identify capabilities and gaps. The gap-analysis summary herein provides substantial additional information on Alabama's systems and initial thinking on IT systems development.

In addition to the IT Gap analysis, the Alabama Office of the Health Insurance Exchange has investigated numerous information sharing models to help carry out its commitment to adopting and implementing a standards-based approach to information sharing. This includes using the following standards as design templates for creating the Exchange: National Information Exchange Model (NIEM), Global Federated Identity and Privilege Management (GFIPM) and Exchange Reference Architecture (ERA). Additional data sharing opportunities are also being explored building on existing state capacity, demonstrations and federal guidance.

- **Regulatory or Policy Actions**

As part of the Study Commission's recommendations, it is anticipated that the Study Commission will present draft legislation establishing the Exchange.

Barriers, Lessons Learned, and Recommendations to the Program

None at this time.

Technical Assistance

The DOI and the Office of the Health Insurance Exchange are now holding weekly phone calls with the CCIIO team to better coordinate technical assistance needs and identify issues as the state transitions from the planning to the implementation process.

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Draft Exchange Budget

The Department of Insurance is currently in negotiations for the Level 1 Cooperative Agreement. Finance functions and sustainability for the Exchange are currently being addressed and a summary is expected for the final report.

Function	FFY 2011	FFY 2012	FFY 2013	FFY 2014
Planning	\$1,000,000			

Work Plan

A comprehensive workplan for the implementation of the Exchange through January 1, 2014, has been developed. This internal document has become part of the Level One Cooperative Agreement which is currently in negotiations.

In September, the DOI was granted a no-cost extension in order to fund the Exchange office through November 30, 2011 and to accomplish remaining tasks in its workplan. The contract with LMI, which was set to terminate on September 30, 2011, was extended as part of the no-cost extension in order to provide consulting expertise for the Study Commission. As part of these responsibilities, LMI will (or in some instances, already has accomplished):

- facilitate the first meeting of the Alabama Health Insurance Exchange Study Commission.
- plan, facilitate and conduct an education session for the Study Commission to review and be briefed on the Insurance Market Study, Study of un- and under-insured, Financing the Health Insurance Exchange after 2014, program integration including enrollment processes, governance structure, and staffing. As part of this task, LMI will provide a meeting summary for the Study Commission.
- provide technical assistance to the Study Commission in developing recommendations for a final report for presentation to the Governor by December 1, 2011.
- facilitate up to one (1) stakeholder forum for key stakeholders to review proposed recommendations of the Study Commission.
- provide technical assistance in the development of a staffing plan for a proposed Health Insurance Exchange.

Collaborations/Partnerships

No change at this time. Individuals and entities that participated in the focus groups may be called upon later to provide additional input into the development of the Exchange. Stakeholders listed below will also be involved in development of the Exchange.

Partner	Type	Role
State Employees Insurance Board (SEIB)	Employer Group	Advisory
American Cancer Society	Special interest	Advisory
AL Appleseed Center for Law & Justice	Consumer advocacy	Advisory

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ADPH/CHIP (Ala. Dept. of Public Health)	Health dept.	Partner
Southern Strategy Group	Private contractor with other public organizations	Attendee
BCBSAL (Blue Cross Blue Shield of Alabama)	Private Insurance	Advisory
Alabama Arise	Consumer Advocacy	Advisory
AARP	Consumer Advocacy	Advisory
Ala. Dept. of Mental Health	Agency	Advisory
Family Voices of Alabama	Consumer Advocacy	Advisory
Ala. Dept. of Rehabilitation Services	Agency	Advisory
Ala. Information Services Division	Agency	Advisory
Ala. Medicaid	Agency	Partner
APHCA - Ala. Primary Care Association	Federally qualified health ctrs/advocacy org	Advisory
Alabama Hospital Association	Professional Association	Advisory
Medical Association of the State of Alabama	Professional Association	Advisory
Children's Health System	Hospital	Advisory
Alabama Association of Health Plans	Professional association representing private insurance	Advisory
Ala. Dept. of Senior Services	Agency	Advisory
VOICES for Alabama's Children	Consumer advocacy	Advisory
Ala. Dept. of Economic and Community Affairs	Agency	Advisory
Ala. Chapter—American Academy of Pediatrics	Professional association	Advisory
Business Council of Alabama	Professional association	Advisory
Alabama Rural Action Coalition	Agency/Advocacy organization	Advisory
Providence Hospital	Hospital	Advisory
Willis Holdings	Broker	Advisory
Alabama Optometric Association	Professional association	Advisory
Pfizer	Pharmaceutical	Advisory
Allied Management Systems, LLC	Medicaid contractor	Advisory
National Federation of Independent Business	Professional association	Advisory
University of Alabama at Birmingham Medical Center	Hospital	Advisory
Sowing Seeds of Hope	Consumer advocacy	Advisory
Cahaba Benefits Group	Broker	Advisory
Health Management Associates	Business/Health Care employer	Advisory
Alabama Health Insurance	Broker	Advisory
Health Partners American	Broker	Advisory
Evergreen Medical Center	Hospital	Advisory
Securance Group	Broker	Advisory
Creative Benefit Solutions	Broker	Advisory
Alabama Quality Assurance Foundation	QIO	Advisory
Russell Medical Center	Hospital	Advisory
AllScripts	Health Care Consultants	Advisory
Montgomery AIDS Outreach	Consumer advocacy	Advisory
Ala. Association of Health Underwriters	Professional Association	Advisory
Kennion Group	Broker	Advisory
Springhill Hospital	Hospital	Advisory
University of Alabama School of Health Professions	Education	Advisory
Standard Insurance Company	Insurance company	Advisory
Infirmity Health System	Hospital	Advisory
J. Smith Lanier and Co.	Broker	Advisory
Viva Health	Insurance company	Advisory

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Appendix A

June 2, 2011

EXECUTIVE ORDER 17

WHEREAS, creation of a Health Insurance Exchange (the "Exchange") for Alabama citizens is a paramount priority of this administration;

WHEREAS, upon its creation, the Exchange will facilitate the purchase and sale of health plans in the individual markets and the small employer market; and,

WHEREAS, the Exchange will present consumers with broader choices and more individualized options for fulfilling their health care needs by fostering a consumer-centric health insurance market in the State of Alabama.

NOW, THEREFORE, based upon these considerations, and for other good and valid reasons related thereto, I Robert Bentley, Governor of the State of Alabama, by virtue of the authority vested in me by the Constitution and laws of the State of Alabama, do hereby establish the Alabama Health Insurance Exchange Study Commission (the "Commission"). The Commission shall be an advisory group to the Governor created to make recommendations during the Exchange planning period.

The commission shall consist of:

1. The Chairs of the House and Senate Health Committees, or their designees, who shall serve as Co-Chairs for the Commission;
2. The Commissioner of Medicaid, or his or her designee;
3. The Commissioner of Insurance, or his or her designee;
4. The Finance Director, or his or her designee;
5. One member representing physician providers appointed by the Medical Association of the State of Alabama;
6. One member representing for-profit insurers appointed by the Governor;
7. One member representing not-for-profit insurers appointed by the Speaker of the House;
8. One member representing the business community appointed by the Speaker of the House;
9. One member representing the small business community appointed by the President Pro Tempore;
10. One member recommended by the Independent Insurance Agents of Alabama and appointed by the President Pro Tempore;
11. One member appointed by the Alabama Nursing Home Association;
12. One member appointed by the Alabama Hospital Association; and,
13. One additional member appointed by and to serve at the pleasure of the Governor.

BE IT ORDERED that the Commission may create advisory committees to the board consisting of stakeholders related to the development of the Exchange.

BE IT FURTHER ORDERED that the Commission shall adopt rules governing times and places for meetings and the manner of conducting its business. The Commission shall not meet less frequently than once each month and at such other times as determined to be necessary. The Commission may meet via teleconference.

BE IT FURTHER ORDERED that the commission shall study the establishment of the Alabama Health Benefits Exchange and shall make recommendations to the Governor and Legislature by December 1, 2011. The recommendations shall address, at a minimum, the following: (i) whether to create the Alabama Exchange within an existing governmental agency, as a new governmental agency, or as a not-for-profit private entity; (ii) the make-up of a governing board for the Alabama Exchange; (iii) an analysis of resource needs for operating and sustaining the

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Alabama Exchange; (iv) a delineation of specific functions to be conducted by the Alabama Exchange; and (v) an analysis of the potential effects of the interactions between the Alabama Exchange and relevant insurance markets or existing health programs and agencies including Medicaid and Public Health. These recommendations shall be presented to the Governor and to the Alabama Legislature by December 1, 2011, in order that any required legislation is prepared for consideration during the 2012 Regular Session of the Alabama Legislature as to the creation, governance and implementation of an Alabama Exchange.

BE IT FURTHER ORDERED that this Executive Order become effective immediately upon signing and shall remain in force until such time as it is modified or rescinded by the Governor.

DONE AND ORDERED this _____ day of June, 2011.

Robert Bentley
Governor

Attested

Beth Chapman
Secretary of State

Amendment Number 1

Under and by virtue of the authority vested in me by law and pursuant thereto, I do hereby amend Executive Order Number 17, executed June 2, 2011, by deleting the same in its entirety and inserting in lieu thereof the following:

WHEREAS, creation of a Health Insurance Exchange (the "Exchange") for Alabama citizens is a paramount priority of this administration;

WHEREAS, upon its creation, the Exchange will facilitate the purchase and sale of health plans in the individual markets and the small employer market; and,

WHEREAS, the Exchange will present consumers with broader choices and more individualized options for fulfilling their health care needs by fostering a consumer-centric health insurance market in the State of Alabama.

NOW, THEREFORE, based upon these considerations, and for other good and valid reasons related thereto, I Robert Bentley, Governor of the State of Alabama, by virtue of the authority vested in me by the Constitution and laws of the State of Alabama, do hereby establish the **Alabama Health Insurance Exchange Study Commission** (the "Commission"). The Commission shall be an advisory group to the Governor created to make recommendations during the Exchange planning period.

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4. The Finance Director, or his or her designee;

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5. One member representing physician providers appointed by the Medical Association of the State of Alabama;
6. One member representing for-profit insurers appointed by the Governor;
7. One member representing not-for-profit insurers appointed by the Speaker of the House;
8. One member representing the business community appointed by the Speaker of the House;
9. One member representing the small business community appointed by the President Pro Tempore;
10. One member recommended by the Independent Insurance Agents of Alabama and appointed by the President Pro Tempore;
11. One member appointed by the Alabama Nursing Home Association;
12. One member appointed by the Alabama Hospital Association; and,
13. Additional members appointed by and to serve at the pleasure of the Governor.

BE IT ORDERED that the Commission may create advisory committees to the board consisting of stakeholders related to the development of the Exchange.

BE IT FURTHER ORDERED that the Commission shall adopt rules governing times and places for meetings and the manner of conducting its business. The Commission shall not meet less frequently than once each month and at such other times as determined to be necessary. The Commission may meet via teleconference.

BE IT FURTHER ORDERED that the commission shall study the establishment of the Alabama Health Benefits Exchange and shall make recommendations to the Governor and Legislature by December 1, 2011. The recommendations shall address, at a minimum, the following: (i) whether to create the Alabama Exchange within an existing governmental agency, as a new governmental agency, or as a not-for-profit private entity; (ii) the make-up of a governing board for the Alabama Exchange; (iii) an analysis of resource needs for operating and sustaining the Alabama Exchange; (iv) a delineation of specific functions to be conducted by the Alabama Exchange; and (v) an analysis of the potential effects of the interactions between the Alabama Exchange and relevant insurance markets or existing health programs and agencies including Medicaid and Public Health. These recommendations shall be presented to the Governor and to the Alabama Legislature by December 1, 2011, in order that any required legislation is prepared for consideration during the 2012 Regular Session of the Alabama Legislature as to the creation, governance and implementation of an Alabama Exchange.

BE IT FURTHER ORDERED that this Executive Order become effective immediately upon signing and shall remain in force until such time as it is modified or rescinded by the Governor.

DONE AND ORDERED this 15th day of September, 2011.

Robert Bentley
Governor

Attested

Beth Chapman
Secretary of State

Appendix B

Study Commission Meeting Agendas and Approved Minutes

Agenda

Alabama Health Insurance Exchange Study Commission

Meeting # 1

Friday, September 16, 2011

Montgomery, Alabama

10:00 – 10:10	Governor’s Opening Remarks	Governor Bentley
10:10 - 10:20	Introductions and Chair Comments	Rep. McClendon Senator Reed
10:20 – 10:30	Overview of ACA Implementation	Kathleen Healey
10:30 – 10:45	Key Functions and Timeline for Health Insurance Exchange Implementation	Bob Carey
10:45 – 11:00	Options for Exchange Structure and Governance	David Helms
11:00 – 11:15	Resources Needed to Operate an Exchange	Bob Carey
11:15 – 11:20	Agenda for Upcoming Commission Meetings	David Helms
11:20 – 11:30	Questions and Comments	Rep. McClendon

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Alabama Health Insurance Exchange Study Commission Friday, October 7, 2011 Agenda Shelby Baptist Medical Center, Alabaster		
10:00 a.m.	Welcome and Introductory Remarks	Senator Greg Reed
10:10 a.m.	Commission Meeting Plan	David Helms
10:20 a.m.	Current and Future Sources of Health Insurance Coverage for Alabama Residents	Deborah Chollet
10:50 a.m.	Perspectives from Behavioral Health Community	Sarah Harkless
10:55 a.m.	<i>Discussion</i>	
11:15 a.m.	Role and Structure for the Alabama Health Insurance Exchange <ul style="list-style-type: none"> ▪ Target Markets and Subsidy Levels ▪ Role of Exchange in the Marketplace ▪ Structure of Individual Exchange ▪ Structure of SHOP Exchange ▪ Should Alabama combine the Individual and SHOP Exchange? 	Bob Carey
11:50 a.m.	<i>Discussion</i>	
12:10 p.m.	Break for Buffet Lunch	
12:30 p.m.	Stakeholder Views	David Helms
1:00 p.m.	<i>Discussion</i>	
1:20 p.m.	<i>Break</i>	
1:30 p.m.	Current Insurance Market	Deborah Chollet
2:00 p.m.	<i>Discussion</i>	
2:30 p.m.	Exchange Operations	Bob Carey
3:00 p.m.	<i>Discussion</i>	
3:20 p.m.	Next Steps	Senator Greg Reed Representative Jim McClendon
3:30 p.m.	Adjourn	

**STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT'S EXCHANGES
ALABAMA DEPARTMENT OF INSURANCE FOURTH QUARTERLY REPORT**

Alabama Health Insurance Exchange Study Commission Thursday, October 20, 2011 Agenda Shelby Baptist Medical Center, Alabaster		
10:00 a.m.	Welcome and Introductory Remarks	Representative Jim McClendon
10:10 a.m.	Review LMI Options Paper on Role of the Alabama Exchange in the Individual and Small Group Markets	Bob Carey
10:20 a.m.	<i>Questions and Discussion</i>	Representative Jim McClendon
10:35 a.m.	Study Commission Recommendations	Representative Jim McClendon
10:50 a.m.	Review of LMI Options Paper on Exchange Structure	David Helms
11:00 a.m.	<i>Questions and Discussion</i>	Representative Jim McClendon
11:15 a.m.	Study Commission Recommendations	Representative Jim McClendon
11:30 a.m.	Review of LMI Options Paper on Board Composition	David Helms
11:40 a.m.	<i>Questions and Discussion</i>	Representative Jim McClendon
11:55 a.m.	Study Commission Recommendations	Representative Jim McClendon
12:10 p.m.	Next Steps	Representative Jim McClendon
12:15 p.m.	Adjourn	

Future Meeting Schedule

October 20, 2011

1. Role of Alabama Exchange in the individual and small group markets
 - A. Extent of market intervention
 - Free Market Facilitator
 - Selective Contracting Agent
 - Active Purchaser
 - B. Whether to establish one administrative entity for both the individual and small group markets
 - Whether to operate with combined risk pool for both markets
 - C. Whether to keep current Alabama definition for small groups to between 2-50 employees (excluding self-employed and sole proprietorships) for 2014 and 2015
2. Exchange Structure
 - A. Existing State Agency
 - B. New State Agency
 - C. Quasi-Public Authority
 - D. Non-Profit Organization
 - E. Federally Facilitated Exchange
3. Board Composition
 - A. Proposed number of board members
 - B. Whether to include public officials from the Executive and Legislative branches
 - C. Whether to include persons with expertise in health insurance and purchasing cooperatives
 - D. Whether to include stakeholder representatives
 - E. Need for geographic balance

November 3, 2011

1. Delineation of the specific functions to be conducted by the Alabama Exchange
Presentation on the Finance Functions Report
2. Estimate for Cost to Operate the Exchange starting in 2015
 - A. Staffing Plan
 - B. Estimated operating budgets for 2015-2018
3. Financing options for sustainability of Exchange starting in 2015
Presentation of the Financial Sustainability Report
4. Analysis of potential effects of the Alabama Exchange on relevant insurance markets in Alabama and on existing programs and agencies including Medicaid and Public Health
Presentation of the Actuary Report or excerpts

November 17, 2011

1. Review any outstanding recommendations before the Commission
2. Review and approve draft Commission Report to the Governor

**STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT'S EXCHANGES
ALABAMA DEPARTMENT OF INSURANCE FOURTH QUARTERLY REPORT**

Meeting Minutes

AL Health Insurance Exchange Study Commission
September 16, 2011
State Capitol Auditorium
600 Dexter Ave. Montgomery, AL

A meeting of the Alabama Health Insurance Exchange Study Commission, having been duly notified according to the Open Meetings Act, was called to order at 10:00 a.m. by Chairman Jim McClendon. After a roll call, a quorum was established and the meeting was convened.

1. Roll Call

Commissioners:

Jim Ridling
Ron Perkins
Bob Mullins, M.D.
Rosemary Elebash
Grace Bush
Bart Yancey
Tom Younger
Craig Christopher, M.D.
Noel Carden
Shane Spees
Margaret Whatley
Deborah Tucker

Commission Chairs:

Representative Jim McClendon, O.D.
Senator Greg Reed

**Jamie Ayers represented Richard Brockman*

2. Introductions and Chair Comments

Commission Chairs Rep. Jim McClendon and Sen. Greg Reed welcomed the Commissioners and introduced Alabama Office of the Health Insurance Exchange staff:

Richard Fiore, Executive Director, Alabama Office of the Health Insurance Exchange

Kathleen Healey, Associate Counsel, Alabama Department of Insurance

Becki Goggins, Privacy and Data Specialist, Alabama Office of the Health Insurance Exchange

Dustin Jones, Grant Administrator and Analyst, Alabama Office of the Health Insurance Exchange

Meghan Youngpeter, Executive Assistant, Alabama Office of the Health Insurance Exchange

3. Governor Robert Bentley's Opening Remarks

Governor Bentley spoke to the Commissioners on his vision for a health insurance exchange.

4. Presentations

- a. Kathleen Healey provided an overview of the Exchange under the Affordable Care Act.
- b. Bob Carey of RL Carey Consulting and LMI discussed key functions and timeline for Exchange Implementation as well as the resources needed to operate an Exchange.
- c. David Helms, director of LMI's Center for Health Reform, discussed the options for Exchange structure and governance.

5. Upcoming Commission Meetings

October 7 - Educational Session; Birmingham, AL

October 20 - Study Commission Meeting; Birmingham, AL

November 3 - Study Commission Meeting; Birmingham, AL

November 17 - Study Commission Meeting; Birmingham, AL

Once the location for the meetings is determined, this information will be sent to Commission members.

6. Adjournment

There being no further business, the meeting was adjourned at 12:35 p.m.