



**STATE OF VERMONT**  
JOINT FISCAL OFFICE

**MEMORANDUM**

To: James Reardon, Commissioner of Finance & Management  
From: Nathan Lavery, Fiscal Analyst  
Date: November 18, 2010  
Subject: JFO #2464, #2468, #2469

The following items were approved for acceptance at the November 15, 2010 Joint Fiscal Committee meeting:

**JFO #2464** — \$365,000 grant from the U.S. Department of Justice to the Department of Corrections (DOC). These funds will allow DOC to develop and operate Circles of Support and Accountability (COSAs) for 24 high risk offenders reentering the community during the grant period.  
[JFO received 10/07/10]

**JFO #2468** — \$1,000,000 grant from the U.S. Department of Health and Human Services to the Department of Vermont Health Access. This grant will be used to help determine if a health insurance exchange should be established in Vermont, and to support the planning activities for the development of an exchange. One (1) limited service position is associated with this request.  
[JFO received 10/28/10]

**JFO #2469** — \$50,000 grant from the State Justice Institute to the Judiciary. This grant will support the strategic planning process focused on the legislatively-approved judicial restructuring and unification project.  
[JFO received 11/5/10]

The Governor's approval may now be considered final. We ask that you inform the Secretary of Administration and your staff of this action.

cc: Andrew Pallito, Commissioner  
Susan Besio, Commissioner  
Robert Greemore, Court Administrator

**State of Vermont**  
 Department of Finance & Management  
 109 State Street, Pavilion Building  
 Montpelier, VT 05620-0401

Agency of Administration

[phone] 802-828-2376  
 [fax] 802-828-2428

## STATE OF VERMONT FINANCE & MANAGEMENT GRANT REVIEW FORM

**Grant Summary:** The purpose of this grant is to help Vermont determine if a health insurance exchange should be established and will support planning activities for the development of an exchange. This is an expedited ACA Grant request. There is an attachment to this request from DVHA that explains the reasons for asking to expedite this request.

**Date:** 10/22/2010

**Department:** Vermont Health Access

**Legal Title of Grant:** State Planning and Establishment Grants for the Affordable Care Act's Exchange

**Federal Catalog #:** 93.525

**Grant/Donor Name and Address:** Office of Consumer Information and Insurance, US Department of Health and Human Services, 200 Independence Ave., Washington, DC 20201

**Grant Period:** From: 10/1/2010 To: 9/30/2011

**Grant/Donation:** \$1,000,000

|                      | SFY 1     | SFY 2     | SFY 3 | Total       | Comments |
|----------------------|-----------|-----------|-------|-------------|----------|
| <b>Grant Amount:</b> | \$750,000 | \$250,000 | \$    | \$1,000,000 |          |

|                              | # Positions | Explanation/Comments  |
|------------------------------|-------------|---|
| <b>Position Information:</b> | 1           | This project manager will manage the project, including award compliance, financial monitoring and reporting to the Federal Government. |

**Additional Comments:**

|   |               |           |
|---|---------------|-----------|
| <b>Department of Finance &amp; Management</b> | 10/25/10      | (Initial) |
| <b>Secretary of Administration</b>            | TP / 10/24/10 | (Initial) |
| <b>Sent To Joint Fiscal Office</b>            | 10/27/10      |           |

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**JOINT FISCAL OFFICE**



**BASIC GRANT INFORMATION**

|  |  |           |                      |
|--|--|-----------|----------------------|
| <b>1. Agency:</b>  | Human Services   |           |                      |
| <b>2. Department:</b>  | Vermont Health Access  |           |                      |
| <b>3. Program:</b>   | Heath Care Reform Affordability  |           |                      |
| <b>4. Legal Title of Grant:</b>                                | State Planning and Establishment Grants for the Affordable Care Act's Exchange   |           |                      |
| <b>5. Federal Catalog #:</b>                                   | 93.525   |           |                      |
| <b>6. Grant/Donor Name and Address:</b>                        | Office of Consumer Information and Insurance Oversight, U.S. Department of Health and Human Services, 200 Independence Ave., Washington D.C. 20201   |           |                      |
| <b>7. Grant Period:</b>  | <b>From:</b>   | 10/1/2010 | <b>To:</b> 9/30/2011 |
| <b>8. Purpose of Grant:</b>                                    | The purpose of this award is to help states determine if a health insurance exchange should be established and support planning actives for the development of such an exchange. A Health insurance exchange will allow individuals and small businesses access to bargaining power comparable to that of established larger groups in the health insurance marketplace. |           |                      |
| <b>9. Impact on existing program if grant is not Accepted:</b> | Exploring the establishment of an exchange will help to fulfill the federal mandates included in the Affordable Care Act, signed into law in March of 2010.  |           |                      |

**10. BUDGET INFORMATION**

|                         | SFY 1            | SFY 2            | SFY 3     | Comments |
|-------------------------|------------------|------------------|-----------|----------|
|                         | FY 11            | FY 12            | FY        |          |
| <b>Expenditures:</b>    |                  |                  |           |          |
| Personal Services       | \$735,000        | \$245,000        | \$        |          |
| Operating Expenses      | \$15,000         | \$5,000          | \$        |          |
| Grants                  | \$               | \$               | \$        |          |
| <b>Total</b>            | <b>\$750,000</b> | <b>\$250,000</b> | <b>\$</b> |          |
| <b>Revenues:</b>        |                  |                  |           |          |
| State Funds:            | \$               | \$               | \$        |          |
| Cash                    | \$               | \$               | \$        |          |
| In-Kind                 | \$               | \$               | \$        |          |
| Federal Funds:          | \$750,000        | \$250,000        | \$        |          |
| (Direct Costs)          | \$               | \$               | \$        |          |
| (Statewide Indirect)    | \$               | \$               | \$        |          |
| (Departmental Indirect) | \$               | \$               | \$        |          |
| Other Funds:            | \$               | \$               | \$        |          |
| Grant (source )         | \$               | \$               | \$        |          |
| <b>Total</b>            | <b>\$750,000</b> | <b>\$250,000</b> | <b>\$</b> |          |

|                          |            |                |             |
|--------------------------|------------|----------------|-------------|
| <b>Appropriation No:</b> | 3410010000 | <b>Amount:</b> | \$1,000,000 |
|                          |            |                | \$          |
|                          |            |                | \$          |
|                          |            |                | \$          |
|                          |            |                | \$          |

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|  |              |             |
|--|--------------|-------------|
|  |              | \$          |
|  |              | \$          |
|  | <b>Total</b> | \$1,000,000 |

**PERSONAL SERVICE INFORMATION**

11. Will monies from this grant be used to fund one or more Personal Service Contracts?  Yes  No  
 If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding process/policy.

Appointing Authority Name: \_\_\_\_\_ Agreed by: SW (initial)

| 12. Limited Service Position Information: | # Positions | Title                       |
|---|-------------|-----------------------------|
|   | 1           | Grant Management Specialist |
|   |             |                             |
|   |             |                             |
| <b>Total Positions</b>                    | 1           |                             |

12a. Equipment and space for these positions:  Is presently available.  Can be obtained with available funds.

**13. AUTHORIZATION AGENCY/DEPARTMENT**

|  |  |                       |
|--|--|-----------------------|
| I/we certify that no funds beyond basic application preparation and filing costs have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant, unless previous notification was made on Form AA-1PN (if applicable): | Signature: <u>Susan Besio</u>                    | Date: <u>10/19/10</u> |
|  | Title: Susan Besio, DVHA Commissioner            |                       |
|  | Signature: <u>Patrick Flood, Deputy Sec. gub</u> | Date: <u>10/20/10</u> |
|  | Title: Robert Hofmann, AHS Secretary             |                       |

**14. SECRETARY OF ADMINISTRATION**

|   |  |                       |
|---|--|-----------------------|
| <input checked="" type="checkbox"/> Approved: | (Secretary or designee signature) <u>Ter [Signature]</u> | Date: <u>10/26/10</u> |
|---|--|-----------------------|

**15. ACTION BY GOVERNOR**

|  |   |                       |
|--|---|-----------------------|
| <input checked="" type="checkbox"/> Check One Box:<br>Accepted | (Governor's signature) <u>[Signature]</u> | Date: <u>10/27/10</u> |
| <input type="checkbox"/> Rejected                              |   |                       |

**16. DOCUMENTATION REQUIRED**

**Required GRANT Documentation**

|   |   |
|---|---|
| <input checked="" type="checkbox"/> Request Memo                | <input type="checkbox"/> Notice of Donation (if any)              |
| <input type="checkbox"/> Dept. project approval (if applicable) | <input type="checkbox"/> Grant (Project) Timeline (if applicable) |
| <input checked="" type="checkbox"/> Notice of Award             | <input type="checkbox"/> Request for Extension (if applicable)    |
| <input checked="" type="checkbox"/> Grant Agreement             | <input type="checkbox"/> Form AA-1PN attached (if applicable)     |
| <input checked="" type="checkbox"/> Grant Budget                |   |

**End Form AA-1**




**Department of Vermont Health Access**  
312 Hurricane Lane, Suite 201  
Williston, VT 05495  
[www.dvha.vermont.gov](http://www.dvha.vermont.gov)

*Agency of Human Services*  
[phone] 802-879-5900

**MEMORANDUM**

**TO:** Toni Hartrich, Budget and Management Analyst, FinMan

**FROM:** Jill Gould, Financial Director I, DVHA 

**DATE:** October 22, 2010

**SUBJECT:** Request for Expedited Routing of Grant Acceptance Request  
State Planning and Establishment Grants for the Affordable Care Act's Exchange

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The DVHA was recently awarded the State Planning and Establishment Grants for the Affordable Care Act's Exchange by the Office of Consumer Information and Insurance Oversight, U.S. Department of Health and Human Services.

We are asking for the expedited approval process for this agreement due to the aggressive timelines and required completion date for this specific project of 9/30/11.

The DVHA currently has placed a Request for Proposal (RFP) out to bid for establishment of a Health Benefit Exchange with is set to close Friday October 22, 2010. The expected result of the RFP will be an executed contract with a provider to assist with the first year of planning for design and implementation of a federally mandated American Health Benefits Exchange in Vermont. This agreement must be executed ASAP in order to meet the first milestone of this project and form the framework for the remaining milestones.



**Department of Vermont Health Access**  
312 Hurricane Lane, Suite 201  
Williston, VT 05495  
[www.dvha.vermont.gov](http://www.dvha.vermont.gov)

*Agency of Human Services*  
[phone] 802-879-5900

## MEMORANDUM

**TO:** Robert D. Hofmann; Secretary, Agency of Human Services (AHS)

**FROM:** Susan Besio; Commissioner, Department of Vermont Health Access (DVHA) *Susan Besio*

**DATE:** October 19, 2010

**SUBJECT:** Grant Acceptance Request  
State Planning and Establishment Grants for the Affordable Care Act's Exchange

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The DVHA was recently awarded the State Planning and Establishment Grants for the Affordable Care Act's Exchange by the Office of Consumer Information and Insurance Oversight, U.S. Department of Health and Human Services. The purpose of this award is to help states determine if a health insurance exchange should be established and support planning activities for the development of such an exchange. The establishment of a Health Benefits Exchange will allow individuals and small businesses access to bargaining power comparable to that of established larger groups in the health insurance marketplace. The DVHA currently has placed a Request for Proposal (RFP) out to bid for establishment of a Health Benefit Exchange which is set to close Friday October 22, 2010. The expected result of the RFP will be an executed contract with a provider to assist with the first year of planning for design and implementation of a federally mandated American Health Benefits Exchange in Vermont.

To accomplish this objective over the grant period, DVHA is requesting to accept grant funds to hire a full-time project manager as included in the federal award. The project manager will be responsible for management of the awarded contract, grant award compliance, financial monitoring and reporting of activities as related to the federal grant award on behalf of DVHA. This work cannot currently be done by staff already employed as the complexities and demands of successfully implementing this important grant require a dedicated professional's full-time focus.



Robert D. Hofmann  
Vermont Department of Human Services  
103 South Main Street  
Waterbury, VT 78714-9104

Dear Mr. Hofmann:

On behalf of the Office of Health Insurance Exchanges in the Office of Consumer Information and Insurance Oversight (OCIIO), I am pleased to inform you that we will fund your project in the amount of \$1000000 under Funding Opportunity Announcement CFDA 93.525, entitled State Planning and Establishment Grants for the Affordable Care Act's Exchanges.

Health Insurance Exchanges will empower the American people to truly compare the health benefits they purchase for the first time. The Exchanges will allow individuals and small businesses access to bargaining power comparable to that of established larger groups. Health Insurance Exchanges help level the playing field by putting greater control and greater choice in the hands of consumers.

These grants are designed to help states determine whether they should establish an Exchange, and if so, assist them in beginning to conduct the critical planning activities for Exchange development. The Affordable Care Act put states on the front lines of changing the health insurance marketplace to benefit consumers. These grants will give Vermont the necessary resources to determine how the Health Insurance Exchange can best serve consumers. HHS will help facilitate the sharing of information among states as the grants are utilized to ensure the most efficient use of federal dollars.

Your Notice of Grant Award will be mailed to you soon. Pursuant to the HHS Grants Policy Statement, terms and conditions are associated with the receipt of this grant and will be included with the Notice of Grant Award.

We at OCIIO thank you for your commitment and look forward to continued collaboration with Vermont to ensure the Exchange in your state fulfills the principals of affordability, quality, transparency and access that are embodied in the Affordable Care Act.

Sincerely,



Jay Angoff  
Director



|  |  |                                   |  |
|--|--|-----------------------------------|--|
| 1. DATE ISSUED (Mo./Day/Yr.)<br>09/29/2010   |  | 2. CFDA NO.<br>93.525             |  |
| 3. SUPERCEDES AWARD NOTICE dated<br>except that any additions or restrictions previously imposed remain<br>in effect unless specifically rescinded |  |                                   |  |
| 4. GRANT NO.<br>1 HBEIE100009-01-00<br>Formerly:   |  | 5. ADMINISTRATIVE CODES<br>SEPI   |  |
| 6. PROJECT PERIOD Mo./Day/Yr.<br>From 09/30/2010   |  | Mo./Day/Yr.<br>Through 09/29/2011 |  |
| 7. BUDGET PERIOD Mo./Day/Yr.<br>From 09/30/2010  |  | Mo./Day/Yr.<br>Through 09/29/2011 |  |

**Department of Health and Human Services**  
**Office of the Secretary**  
**Office of Consumer Information and Insurance Oversight**  
 Grants, Contracts and Integrity Division  
 7501 Wisconsin Ave West Tower  
 Room 10-15  
 Bethesda, MD 20814-6519

**NOTICE OF GRANT AWARD**  
 AUTHORIZATION (Legislation/Regulations)  
 Section 1311 of the Affordable Care Act, Health Insurance Exchange

8. TITLE OF PROJECT (OR PROGRAM) (Limit to 56 spaces)  
 State Planning and Establishment Grants for the Affordable Care Act's Exchanges

|  |  |  |  |
|--|--|--|--|
| 9. GRANTEE NAME AND ADDRESS<br>a. Vermont Department of Human Services<br>b. 103 S Main St<br>c.<br>d. Waterbury e. VT f. 05671-9800 |  | 10. DIRECTOR OF PROJECT (PROGRAM DIRECTOR/PRINCIPLE INVESTIGATOR)<br>(LAST NAME FIRST AND ADDRESS)<br>Betsy Forrest<br>103 S Main St<br>Waterbury, VT 05671<br>Phone: 802-879-5918 |  |
|--|--|--|--|

11. APPROVED BUDGET (Excludes HHS Direct Assistance)

|   |              |           |
|---|--------------|-----------|
| I HHS Grant Funds Only  |              |           |
| II Total project costs including grant funds and all other financial participation<br>(Select one and place NUMERAL in box) |              | <b>II</b> |
| a. Salaries and Wages .....   | 140,109      |           |
| b. Fringe Benefits .....  | 59,891       |           |
| c. Total Personnel Costs .....  | 200,000      |           |
| d. Consultants Costs .....  | 0            |           |
| e. Equipment .....  | 0            |           |
| f. Supplies .....   | 0            |           |
| g. Travel .....   | 20,000       |           |
| h. Patient Care - Inpatient .....   | 0            |           |
| i. Patient Care - Outpatient .....  | 0            |           |
| j. Alterations and Renovations .....  | 0            |           |
| k. Other .....  | 0            |           |
| l. Consortium/Contractual Costs .....   | 780,000      |           |
| m. Trainee Related Expenses .....   | 0            |           |
| n. Trainee Stipends .....   | 0            |           |
| o. Trainee Tuition and Fees .....   | 0            |           |
| p. Trainee Travel .....   | 0            |           |
| q. TOTAL DIRECT COSTS   | 1,000,000    |           |
| r. INDIRECT COSTS (rate of)   | 0            |           |
| s. TOTAL APPROVED BUDGET  | \$ 1,000,000 |           |
| t. SBIR Fee   |              |           |
| u. Federal Share  | \$ 1,000,000 |           |
| v. Non-Federal Share  | \$ 0         |           |

|  |           |
|--|-----------|
| 12. AWARD COMPUTATION FOR GRANT                        |           |
| a. Amount of HHS Financial Assistance (from item 11.u) | 1,000,000 |
| b. Less Unobligated Balance From Prior Budget Periods  | 0         |
| c. Less Cumulative Prior Award(s) This Budget Period   | 0         |
| d. AMOUNT OF FINANCIAL ASSISTANCE THIS ACTION          | 1,000,000 |

|  |                    |      |                    |
|--|--------------------|------|--------------------|
| 13. RECOMMENDED FUTURE SUPPORT<br>(Subject to the availability of funds and satisfactory progress of the project): |                    |      |                    |
| YEAR   | TOTAL DIRECT COSTS | YEAR | TOTAL DIRECT COSTS |
| a. 2   |                    | d. 5 |                    |
| b. 3   |                    | e. 6 |                    |
| c. 4   |                    | f. 7 |                    |

|  |   |
|--|---|
| 14. APPROVED DIRECT ASSISTANCE BUDGET (IN LIEU OF CASH): |   |
| a. AMOUNT OF HHS Direct Assistance                       | 0 |
| b. Less Unobligated Balance From Prior Budget Periods    |   |
| c. Less Cumulative Prior Award(s) This Budget Period     |   |
| d. AMOUNT OF DIRECT ASSISTANCE THIS ACTION               | 0 |

|  |          |
|--|----------|
| 15. PROGRAM INCOME SUBJECT TO 45 CFR PART 74, SUBPART F, OR 45 CFR 92.25, SHALL BE USED IN ACCORD WITH ONE OF THE FOLLOWING ALTERNATIVES:<br>(Select one and place LETTER in box.) |          |
| a. DEDUCTION   |          |
| b. ADDITIONAL COSTS  | <b>b</b> |
| c. MATCHING  |          |
| d. OTHER RESEARCH (Add / Deduct Option)  |          |
| e. OTHER (See REMARKS)   |          |

16. THIS AWARD IS BASED ON AN APPLICATION SUBMITTED TO, AND AS APPROVED BY, HHS ON THE ABOVE TITLED PROJECT AND IS SUBJECT TO THE TERMS AND CONDITIONS INCORPORATED EITHER DIRECTLY OR BY REFERENCE IN THE FOLLOWING:

a. The grant program legislations cited above.  
 b. The grant program regulation cited above.  
 c. This award notice including terms and conditions, if any, noted below under REMARKS.  
 d. HHS Grants Policy Statement including addenda in effect as of the beginning date of the budget period.  
 e. 45 CFR Part 74 or 45 CFR Part 92 as applicable.

In the event there are conflicting or otherwise inconsistent policies applicable to the grant, the above order of precedence shall prevail. Acceptance of the grant terms and conditions is acknowledged by the grantee when funds are drawn or otherwise obtained from the grant payment system.

REMARKS: (Other Terms and Conditions Attached -  Yes  No)

Refer to the following Award Attachments: 1) Standard Terms and Conditions 2) Special Terms and Conditions

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Agency of Human Services  
Office of the Secretary

GRANTS MANAGEMENT OFFICER:  (Signature) (Name - Typed/Print) Michelle Feagins (Title) Senior Grants Management Specialist

|               |           |               |              |                     |  |                    |    |
|---------------|-----------|---------------|--------------|---------------------|--|--------------------|----|
| 17. OBJ CLASS | 4121      | 18. CRS - EIN | 1036000264D4 | 19. LIST NO.        |  | CONG. DIST.:       | 00 |
| FY-CAN        |           | DOCUMENT NO.  |              | AMT ACTION FIN ASST |  | AMT ACTION DR ASST |    |
| 20. a.        | 0-199RE41 | b. HBEIE0009A | c. SEPI      | d. 1,000,000        |  | e.                 | 0  |
| 21. a.        |           | b.            | c.           | d.                  |  | e.                 |    |
| 22. a.        |           | b.            | c.           | d.                  |  | e.                 |    |

# AWARD ATTACHMENTS

Vermont Department of Human Services

1 HBEIE100009-01-00

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1. Standard Terms and Conditions
2. Special Terms and Conditions

**Office of Consumer Information and Insurance Oversight**

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

**Standard Terms & Conditions  
Attachment A**

- 1. The HHS/Office of Consumer Information and Insurance Oversight (OCIIO) Program Official.** The Program Official assigned with responsibility for technical and programmatic questions from the Grantee is Susan Lumsden ([Susan.Lumsden@hhs.gov](mailto:Susan.Lumsden@hhs.gov)).
- 2. The HHS/OCIIO Grants Management Specialist.** The Grants Management Specialist assigned with the responsibility for the financial and administrative aspects (non-programmatic areas) of grants administration questions from the Grantee is Michelle Feagins in the Division of Grants Management ([Michelle.Feagins@hhs.gov](mailto:Michelle.Feagins@hhs.gov)).
- 3. The HHS Grants Policy Statement (HHS GPS).** This grant is subject to the requirements of the HHS GPS that are applicable to the Grantee based on your recipient type and the purpose of this award. This includes any requirements in Part I and II (available at <http://www.hhs.gov/grantsnet/adminis/gpd/index.htm>) of the HHS GPS that apply to an award.

Although consistent with the HHS GPS, any applicable statutory or regulatory requirements, including 45 CFR 92 directly applies to this award apart from any coverage in the HHS GPS.

- 4. Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).** This grant is subject to the requirements as set forth in Title 2 Part 225, State, Local, and Indian Tribal Governments (previously A-87).

JAMES H. DOUGLAS  
GOVERNOR



State of Vermont  
OFFICE OF THE GOVERNOR

August 18, 2010

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

Dear Secretary Sebelius,

I am pleased to endorse Vermont's application for federal development funds for the American Health Benefit Exchange. I believe Vermont is in a very strong position to build on our existing health care programs and private insurance market to create a successful Exchange to serve our citizens and businesses.

I am fully supportive of the activities included in Vermont's grant application, and I believe they will provide the necessary framework for implementation. I want to express my sincere commitment to building a Vermont Exchange that is both effective and efficient in achieving its goals. We very much appreciate this grant opportunity and will look forward to continuing our excellent working relationship with our partners at HHS.

Sincerely,

A handwritten signature in black ink, appearing to read "James H. Douglas", written over a circular stamp or seal.

James H. Douglas  
Governor

JHD/jlc

## Project Narrative

The State of Vermont has a long history of proactively addressing health care delivery and health care system financing. In 1992 the Vermont General Assembly mandated that the individual and small group health insurance markets be community rated and sold on a guaranteed issue basis. Vermont's public programs likewise provide high-quality, affordable health care to a wide range of its citizens. In 1989 Vermont implemented the Dr. Dynasaur program, which now serves children in families with income below 300% FPL, and in 1995 the Vermont Health Access Plan (VHAP) began providing coverage for childless adults up to 150% FPL and adults with children up to 185% FPL.

More recently, in 2006, the Vermont General Assembly passed Act 191, An Act Relating to Health Care Affordability for Vermonters. Act 191 had three primary goals: increase health care access, improve health care quality, and contain health care costs. Most relevant to this grant application, Act 191 created the Catamount Health program. Catamount Health, a private insurance product offered by two Vermont non-profit insurance carriers<sup>1</sup>, is available to Vermonters who have been uninsured for 12 or more months.<sup>2</sup> For individuals with incomes below 300% FPL, a premium subsidy is available on a sliding scale. Additionally, Act 191 created an income-sensitive subsidy for certain individuals with access to employer-sponsored insurance.

Catamount Health (and the employer-sponsored insurance premium assistance program), significantly expanded existing programs, and implementation was the culmination of a highly successful partnership among several state agencies (including

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<sup>1</sup> Blue Cross Blue Shield of Vermont and MVP Health Plan.

<sup>2</sup> There are several exceptions to the 12 month uninsured requirement, such as losing health care due to loss of employment or divorce. See 8 V.S.A. § 4080f.

the Department of Vermont Health Access<sup>3</sup> (DVHA) and the Department of Banking, Insurance, Securities, and Health Care Administration (BISHCA)), private insurance carriers, and many community organizations. This strong working partnership still exists today and puts Vermont in an excellent position to create an American Health Benefit Exchange pursuant to the Affordable Care Act of 2010.

This grant application is the result of the collaborative effort of DVHA and BISHCA. It should be understood that in the nature of all planning, questions identified as key issues today may change as answers are revealed by research undertaken. In this grant application we attempt to identify where we are today in our priorities and analysis, but we emphasize that it is our intention to use our research and analysis to inform further planning to ensure the best possible health insurance Exchange for Vermonters. As a small state, Vermont faces unique challenges relating to market fragmentation and destabilization, and the Exchange creation process must be acutely focused on these risks. Below, we address the nine topics identified in the grant application. Topics preceded by an underline indicate specific areas where we hope to utilize grant funding.

**a. Background Research**

Generally, Vermont has very robust data on our health care delivery and financing systems. Vermont has created a multi-payer database that provides detailed information about claims paid by private insurers and Medicaid. Health insurers in Vermont must submit supplemental market data regarding enrollment and premiums collected in the comprehensive health insurance market (including the small group and nongroup markets). Vermont publishes ever-expanding sets of hospital quality and pricing data. Vermont collects and analyzes extensive data relating to inpatient and outpatient hospital

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<sup>3</sup> The Department of Vermont Health Access was the Office of Vermont Health Access until July 1, 2010.

budgets, as well as extensive categories of data about beneficiaries of state-sponsored health care programs, such as individual income and sources, demographics, and health care utilization. However, the creation of an Exchange will require a greater understanding of our health insurance market and our health care delivery system.

DVHA is already in the process of working with our legislative Joint Fiscal Office to estimate enrollment in 2014 in health care programs and Exchange plans and to estimate cost/savings to Vermont under the new structure. Below we identify some areas where we currently anticipate the additional need for study.

Roadmap for Planning for the Exchange: Although the projects listed below must occur, as a preliminary step Vermont intends to enter into a short-term contract with an entity to assist us in identifying the most critical policy decisions that must be made and the anticipated order in which such decisions should be made. This contract will result in an essential framework for all other planning activities.

Uninsured and Underinsured: In 2000, 2005, 2008, and 2009, BISHCA contracted to conduct a comprehensive survey of Vermonters to determine their insurance status, as well as their income and other circumstances. The 2009 survey results revealed that Vermont's health care reform efforts have been successful in reducing the number of uninsured Vermonters, even in the face of higher unemployment due to the recession. From 2005 to 2009, Vermont's uninsured rate decreased from 9.8% to 7.6%, leaving a total of 47,460 individuals still uninsured. Of the 47,460 uninsured individuals, 53% are eligible for, but not enrolled in, Vermont's existing public health care programs. Vermont intends to build on this research to understand not only the uninsured, but also to gain a greater understanding of the underinsured and how the

availability of insurance through the Exchange (and the impact of the grandfathering regulations) may impact Vermonters. We are also interested in more completely understanding why individuals eligible for current programs have not accessed those programs, in the hopes that such lessons will inform a better design for the Exchange.

Current insurance market: All health insurance rates charged and forms sold in Vermont must be approved by BISHCA prior to implementation. However, Vermont generally does not collect product-specific data once a product form is approved for sale, nor does Vermont currently fully understand the breadth of the “limited benefit” insurance market. Some additional study of the quality and type of health insurance coverage, both from the carrier perspective and the insured perspective, should help inform the development of the Exchange and the appropriate regulatory environment implementing the Exchange (and the market that will exist outside of the Exchange).

Further, we need to understand the impact of numerous decisions that must be made prior to implementation of the Exchange. Examples of such questions include: 1) What would be the impact of changing the definition of “small employer” from 50 to 100 employees prior to 2016? 2) What would be the impact of having an open enrollment period in Vermont? 3) How will the grandfather rules and regulations impact our insurance market going forward? 4) What would be the impact on the insurance market of allowing a catastrophic plan for individuals under age 30? 5) How aggressive should Vermont be in defining standards for plans offered both inside and outside of the Exchange? 6) How will Vermont mitigate the potential for adverse selection?

**b. Stakeholder Involvement**



Vermont is in the process of organizing a series of stakeholder meetings to gather information pertaining to different interest groups' goals for, and concerns about, an Exchange. These stakeholders include key legislators, health insurers, independent agents and brokers, "exempt" associations,<sup>4</sup> the Health Care Ombudsman, health care provider trade organizations, large and small employers, the Public Oversight Commission, current VHAP and Catamount Health premium subsidy beneficiaries, current privately insured individuals (particularly in the nongroup market) and consumer advocacy organizations. Not only will these conversations help guide the development of the goals of Vermont's Exchange, but will likely also inform the best approach to consumer education, marketing initiatives, and the navigator program. In light of Vermont's consistent commitment to public process, we anticipate this stakeholder dialogue to continue throughout the Exchange development process. All sites for stakeholder meetings and focus groups will meet ADA requirements for accessibility.

Formal stakeholder study: In addition to the above-noted, ongoing stakeholder meetings, Vermont is also interested in formally obtaining stakeholder input across different perspectives through the use of a contractor and a defined analytical process for evaluating stakeholder feedback. The key questions to be answered include: 1) What are your current greatest struggles with health care delivery and health care financing? 2) What are the most important elements you would like to see in an Exchange? and 3) How could the state best encourage and facilitate your use of the Exchange?

**c. Program Integration**

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<sup>4</sup> Vermont's unique association market is by definition "small group" insurance and encompasses a large percentage of the impacted market.

Program integration will be a guiding principal in the development of Vermont's Exchange. Vermont currently has an integrated eligibility system to provide Medicaid, CHIP, VHAP, Catamount Health premium assistance, and employer-sponsored insurance premium assistance to individuals; all programs are included under the umbrella name of "Green Mountain Care." Individuals may use a screening tool on the Green Mountain Care website to determine their potential eligibility for state-sponsored coverage, and may download a simplified application form; eligibility for any of the above programs is determined based on the completed application. Beginning this fall, individuals will be able to complete and submit applications on line. Vermont's automated eligibility system transmits Catamount Health enrollment and disenrollment data to insurance carriers via the HIPAA-compliant 834 format, and premium payments to the carriers are transmitted by EFT with accompanying remittance via HIPAA-compliant 820 format. The eligibility system currently has automated verification processes in place, such as Bendex, IRS 1099, new-hire wage match, quarterly wage match, PARIS, and unemployment insurance.

We plan to build on our current capacities as described above to incorporate Exchange functions, such as MAGI verification, eligibility determination for tax subsidies, eligibility for waiver of the mandate, exemption from the requirement to enroll in an employer plan, electronic communication with insurance plans and employers, and SHOP functions.

Assessment of current programs and integration opportunities: We hope to contract with an outside vendor to develop a comprehensive assessment of health care benefit programs across the public and private sectors with the ultimate goal of

standardizing benefit packages as much as possible (recognizing the complete standardization may not be possible). Where such integration is not feasible, Vermont may also examine the best methods to explain benefit and program feature differences so that people can clearly understand these differences and make the best choices in light of their circumstances, and so that policy decisions can be informed by these differences. We may also be interested in studying how different populations interact with health coverage distribution channels and whether, beyond benefit integration, communication tools associated with the acquisition of health care coverage need to be standardized or customized for specific populations.

Formal assessment of “churning”: Vermont, as most states, experiences a large volume of “churning” where individuals move between different programs on a sometimes monthly basis because of moderate changes in income or familial circumstances or failure to pay premiums. We would like to develop strategies aimed at decreasing the “churn” rate, since frequent movement on and off our existing programs has been disruptive to beneficiaries and program administrators alike and will remain an issue when the Exchange is operational.

**d. Resources and Capabilities**

Numerous functions envisioned by the Exchange are currently performed by BISHCA or DVHA, and our private and public health coverage markets are beginning to integrate. However, new functionality will need to be developed. Currently, conceptual approaches to manage these new functions are being discussed, but are still in the preliminary stages, since details about Exchanges remain to be established, and numerous questions remain unanswered. It is quite clear that current staff and organizational

structures will not be sufficient to run an insurance Exchange as defined in the ACA. Although the Legislature and the in-coming Governor will ultimately decide what structure the Exchange will take, it is the goal of the DVHA and BISHCA team to create a proposal to provide a framework for that discussion. Much of this work is being done with current state resources, with the exception of the considerable increase in travel funding needed to provide education to state staff.

Formal assessment of organizational models, including assessment of policy and fiscal implications of different models: We hope to contract with an outside consultant to develop possible models for Vermont's Exchange, to help analyze key policy and fiscal issues, and to assist in the determination of staffing and contracting needs to operate the Exchange. Such analysis would inform decisions on whether specific functions should be performed by existing state entities, by newly created state entities, or by outside entities. The consultant would also assist in answering other questions, such as whether a Basic Health Program would be advantageous in Vermont, the pros and cons of potential design options for the SHOP function, how the ACA employer assessment would affect Vermont's existing employer assessment, and how existing Catamount Health and employer-sponsored insurance premium assistance programs would fit or not fit into the new structure. It is our intent to leverage our current strengths and resources, while maximizing our opportunities to improve health care delivery and financing infrastructure. Finally, the consultant would assist in the development of an implementation plan for the chosen program design.

**e. Governance**

Vermont is well positioned, because of the structure of its current programs, to operate the Exchange as a state-run entity. Currently, we believe that a state-run Exchange will likely be more efficient, more fully integrated with existing health care programs, more responsive to consumer needs, and less administratively expensive than an Exchange operated by an independent nonprofit organization. Nonetheless, such assumptions must be tested, and we hope to use Exchange planning grants for such analysis.

Assess models and approaches to the Exchange: As noted above, we intend to contract with a consultant to help us determine the actual governance structure for the Exchange and answer questions such as: 1) Should the Exchange be operated by the state or an independent nonprofit? 2) Should the Exchange be an independent state agency, or should it reside within an existing agency? 3) Should the Exchange have a board of directors? If so, what will be its composition and how will members be appointed? 4) How should the Exchange be regulated? Our intention is that the consultant with whom we contract to develop a governance structure will also be examining needed resources, such as staff and contracts.

**f. Finance**

Obviously, with the structure of the Exchange and the related functions performed by different governmental entities still the subject of inquiry, specific plans relating to the financing features of the Exchange, as well as the financial sustainability of the Exchange itself, remain very much in flux. However, Vermont has identified sustainable funding of the Exchange as one of the most important decision points, and we expect it to be a primary factor in many choices made relating to the infrastructure and features of the

Exchange. Furthermore, we expect there will be numerous finance-related features, as noted in the grant application, which will need to be developed regardless of the final organizational approach developed for performing Exchange functions, including functions to minimize potential waste, fraud, and abuse

Formal study of sustainable Exchange funding: Vermont expects to contract with a consultant or group of consultants to model different potential funding mechanisms associated with the Exchange, with a particular emphasis on not increasing health care costs or the financial burden borne by Vermonters supporting the health care delivery and health care financing systems. We anticipate a great deal of stakeholder input in designing such a study and formulating the appropriate questions and criteria associated with the decision-making process.

Design and Development of Exchange Financial Functions: In addition to the issues associated with the financing of the Exchange, the Exchange, or an entity on behalf of the Exchange, will need to perform a variety of finance-related functions identified in the grant application, such as developing accounting and auditing standards, creating transparency and reporting mechanisms for the public, and developing mechanisms and infrastructure to comply with federal reporting requirements. We may also want to develop “aggregator” functions to help small businesses make the most of the Exchange and its features. It would be our hope to contract with one or more vendors to identify the pros and cons of various design options for these and related functionalities. Development and design should happen as soon as sufficient planning has occurred; it would be our hope that certain functionalities could be created prior to a final organizational Exchange design.

Measure the cost of state mandates: As part of our planning process, Vermont will need to assess the cost of state mandates if such mandates are not included in the federal “essential health benefits” definition. The assessment of such costs will be a key piece of data necessary for the Legislature to determine whether such mandates should continue to be supported, or whether such mandates are no longer appropriate in light of new financial realities.

**g. Technical Infrastructure**

Vermont has issued an RFP to procure and install essential components of a service oriented architectural design as a foundation for its new eligibility system, known as the Vermont Integrated Workflow Eligibility System, or VIEWS. VIEWS will include automated support for all Vermont’s health care programs, as well as other assistance programs such as TANF and SNAP. We anticipate having the infrastructure components in place by the spring of 2011. In early 2011 Vermont will issue an RFP for an implementation vendor, with a target of the summer of 2012 for a fully operational eligibility system.

We anticipate leveraging VIEWS (which will be developed with a focus on flexibility) to incorporate Exchange functions in the new eligibility system. Additionally, there are numerous Exchange-related technology requirements, such as the web portal and voice response system, for which we will need to procure vendors to design and install; however, this activity will most likely occur in 2011. We may build on our current Green Mountain Care website or create an entirely new web portal. Although we currently employ voice response technology in our current call center, we will most likely

need to procure more sophisticated technology to process phone applications efficiently and in a consumer-friendly manner.

**h. Business Operations**

The nature of the Exchange business operations will necessarily be dependent on numerous other decision points which have been discussed in other parts of this application. For example, at this time, it is anticipated that eligibility determinations will be made utilizing an enhanced version of DVHA's eligibility systems, as that would appear to be the most efficient (and least expensive) option. It is currently anticipated that such a system would be run through DVHA, with the Exchange web portal being one of the primary ways in which individuals learn about eligibility options. However, technical assessments and additional planning may reveal that this is not the most effective way perform this function and, as such, business operations housed within the Exchange would be modified accordingly. Vermont has made similar assumptions relating to the other Exchange features noted in the grant application in relation to business operations, such as eligibility determination (DVHA), quality rating systems (BISHCA), rate review (BISHCA), premium credits/cost sharing (the Exchange), and risk adjustment (BISHCA). Again, these functions may be performed by the entity named above, or may change as study reveals better solutions.

**i. Regulatory and Policy Actions**

DVHA and BISHCA intend to introduce legislation in January 2011 that will facilitate the process of developing an Exchange design. Although much planning remains to be done, we currently anticipate such legislation will define specific overarching policy goals that an Exchange design must accomplish, as well as fund a



small number of Exchange-dedicated employees to serve as the first phase in building the infrastructure. Ongoing legal analysis at BISHCA will assess what regulatory and statutory changes should be made to maximize the effectiveness of the private insurance market (including the Exchange) going forward. Some of this legislation may be proposed in 2011, but likely more of these changes will be proposed for the 2012 legislative session. Programmatic and legal analysis at DVHA will be necessary to examine current and future benefit programs, as well as how to best enhance the numerous delivery and IT health reform activities already ongoing in light of federal initiatives. Except for possibly covering some of the cost of current state employees, at this time it is not expected grant funding would be used for such analysis.

#### **Conclusion**

Vermont is seeking \$1 million in grant funding to support the collaborative activities identified above in order to ensure the best possible health insurance Exchange for Vermonters.

## Budget Narrative

Vermont seeks \$1 million in grant funding to support the following initiatives that directly relate to the project narrative above. Some of these analyses may be accomplished under one contract, while others may require separate contracts.

Road map for planning for the Exchange: Short-term contract to identify policy decisions

ANTICIPATED COST: \$70,000

Study of Uninsured and Underinsured: Contract with an outside vendor to leverage previous studies to more fully understand the uninsured and underinsured toward the goal of developing an Exchange design that is attractive to this target population.

ANTICIPATED COST: \$30,000

Formal Stakeholder Study: Contract with a vendor to conduct a series of focus groups with different interest groups to systematically measure the sentiment of these groups and the best way to design an Exchange that meets the needs of Vermonters.

ANTICIPATED COST: \$50,000.

Actuarial Services and Study Current Insurance Market: Work with a consultant to undertake a formal analysis of the current private insurance market, including modeling the impact that ACA reforms will have on that market (including modeling different potential decisions the state could make). Contract with an actuarial firm to answer specific questions about ACA impact and decisions relating to the private health insurance market (including estimated take up rates within an Exchange, the quantity and impact of grandfathered plans in the Vermont market, the premium impact of reforms, pros and cons of allowing a catastrophic health plan, the cost of state mandates, the impact on the small group market of defining “small employer” as 50 or 100 employees,

the effect of combining the small group and nongroup markets, measuring the cost of state mandates, and related questions). It is anticipated that such questions and modeling will occur on an ongoing basis as planning and decision-making occur.

ANTICIPATED COSTS: \$350,000

Assessment of Current Programs and Integration Opportunities: Hire a consultant to develop a comprehensive assessment of public programs and private coverage and identify opportunities for standardizing benefits. We may also contract to determine how best to communicate program differences to the public.

ANTICIPATED COST: \$50,000.

Formal Assessment of Churning: Contract for a study of current churn statistics and identify ways in which to minimize churning and the negative effects of frequent shifts of individuals among programs.

ANTICIPATED COST: \$30,000.

Formal Assessment of Organizational, Policy and Fiscal Implications, and Resource Needs for Exchange: Hire a vendor to analyze Exchange organizational models, in line with state-specified goals, and assess program costs and resource needs associated with different organizational models. Such assessment should include analysis and recommendations related to sustainable financing models.

ANTICIPATED COST: \$100,000.

Financial functions: Work with a consultant to identify the pros and cons of various design options for the financial functions of the Exchange.

ANTICIPATED COSTS: \$100,000

Three FTEs: The three FTEs will be comprised of a portion of time for each staff member listed in the work plan, plus additional staff time for developing RFPs, managing contracts, tracking expenditures under the grant, and creating the required quarterly and annual grant reports.

ANTICIPATED COSTS: \$200,000.

Travel Costs: Cover the costs of state employee travel required to assist in the planning and design of an Exchange. Conferences and educational opportunities would be with the National Association of Insurance Commissioners, the National Governor's Association, the National Conference of State Legislators, HHS, and others.

ANTICIPATED COSTS: \$20,000

**Attachment B: Application Attestation**

Check as many items that apply, as appropriate. States are not required to accomplish all activities nor should this list be considered exhaustive.

1. With the Planning and Establishment Grant, the State intends to:

- X Determine needed and available staff and hire key staff
- X Determine resource needs
- X Develop a work plan and timeline for first year activities
- X Determine needed statutory, regulatory, and other administrative changes (including statutory changes that may be necessary to set up the governance structure, facilitate health plan contracting, consumer outreach, etc.)  
Conduct an initial assessment of IT systems and modifications/new systems needed to facilitate eligibility and enrollment and other Exchange functions
- X Plan the coordination of eligibility and enrollment across Medicaid, CHIP, and the Exchanges
- X Provide public notice and other stakeholder engagement activities
- X Develop a budget justification and implementation plan  
Develop performance metrics and planned milestones
- X Plan for customer services processes, including a call center

2. The State attests that it has submitted a budget narrative and justification that fully supports the activities the State intends to pursue with Planning and Establishment Grant funds:

YES \_\_\_ X \_\_\_ NO \_\_\_\_\_

3. The State has adhered to the required Format, Standard Form (SF), and Content Requirements contained in Section IV.

YES \_\_\_ X \_\_\_ NO \_\_\_\_\_

4. The State commits to submitting a draft detailed implementation plan with the final report within 90 days of the end of the project period.

YES \_\_\_ X \_\_\_ NO \_\_\_\_\_

**GOAL: Study Health Insurance Market and Current Public Programs to Inform Health Benefit Exchange Design.**

| Task or milestone   | Person responsible for ensuring task is completed  | When will this task be completed? | Comments  |
|---|--|-----------------------------------|---|
| Identify key policy decisions that must be made, the order in which such decisions must be made, and by when  | Commissioner of Department of Vermont Health Access (DVHA), Currently: Susan Besio; Deputy Commissioner Health Care Administration Division, Currently: Christine Oliver | December 2010                     | This should result in the roadmap for Exchange design.  |
| Model the impact of various ACA (or other) regulatory changes on current insurance market to assess impact on premiums, accessibility and overall market dynamics | Health Care Administration Counsel (BISHCA, Currently: Rebecca Heintz)   | February 2011                     | Sample considerations:<br>Definition of "small employer"<br>Open enrollment periods<br>Grandfathered plans<br>Catastrophic plan |
| Formal assessment of "churning" and strategies to reduce churning   | Health Care Reform Affordability Project Director (DVHA, Currently: Betsy Forrest);  | March 2011                        |   |

| Task or milestone   | Person responsible for ensuring task is completed  | When will this task be completed? | Comments   |
|---|--|-----------------------------------|--|
| In-depth study of quality and nature of insurance (or lack of insurance) coverage or other benefit programs by population and demographics. | Director of Data Analysis (BISHCA, Currently: Dian Kahn)   | March 2011                        | Will use an existing database from a 2009 household insurance survey in Vermont  |
| Assess current public and private programs and identify program integration opportunities   | Health Care Reform Affordability Project Director (DVHA, Currently: Betsy Forrest); Health Care Administration Counsel (BISHCA, Currently: Rebecca Heintz) | March 2011                        | Comparison of essential health benefits for Qualified Health Plans, benchmark coverage, and Medicaid coverage<br>Identification of most effective way to integrate application and eligibility determination process |

**GOAL: Identify Key Principles and Broad Goals in Health Benefit Exchange Design.**

| Task  | Person responsible ensuring this task is completed  | When will this task be completed?                                     | Comments |
|---|---|---|----------|
| Meet with stakeholders to assess goals and concerns relating to ACA in general and the Exchange in general                                    | Commissioner (DVHA, Currently: Susan Besio); Deputy Commissioner Health Care Administration Division, (BISHCA, Currently: Christine Oliver) | On-going through-out process  |          |
| Conduct formal focus groups to understand stakeholder goals relating to health benefit Exchange features and design                           | Commissioner DVHA, (Currently: Susan Besio); Deputy Commissioner Health Care Administration Division, (BISHCA, Currently: Christine Oliver) | March 2011  |          |
| Propose legislation authorizing the planning of the Exchange and the creation of dedicated FTEs to form a preliminary Exchange infrastructure | Commissioner (DVHA, Currently: Susan Besio); Deputy Commissioner Health Care Administration Division, Currently: Christine Oliver           | Legislation proposed January 2011 for adoption effective July 1, 2011 |          |



**GOAL: Prepare Legislation for Consideration by the 2012 Legislature to Authorize the Implementation of a Health Benefit Exchange.**

| Task or milestone  | Person responsible for ensuring task is completed  | When will this task be completed? | Comments  |
|--|--|-----------------------------------|---|
| Formal assessment of organizational models and assessment of policy and fiscal implications of such models | Commissioner (DVHA, Currently: Susan Besio); Deputy Commissioner Health Care Administration Division, Currently: Christine Oliver                          | September 2011                    | It is anticipated that this assessment will be on-going throughout most of the grant funding period and the contract may include related analyses. Final product will be an Exchange design and an implementation plan for that design. |
| Identify pros and cons of various design options for the financial functions of the Exchange               | Health Care Reform Affordability Project Director (DVHA, Currently: Betsy Forrest); Health Care Administration Counsel (BISHCA, Currently: Rebecca Heintz) | September 2011                    |   |
| Draft design of Exchange and model legislation, including market reforms                                   | Commissioner (DVHA, Currently: Susan Besio); Deputy Commissioner Health Care Administration Division, Currently: Christine Oliver                          | September 2011                    |   |

**Office of Consumer Information and Insurance Oversight**

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

**Special Terms & Conditions  
Attachment B**

1. **Budget and Project Period:** The project and budget period for State Planning and Establishment Grants for the Affordable Care Act's Exchanges is from September 30, 2010 through September 29, 2011. The start date for the grants is on or after September 30, 2010. No grant funds can be used for expenses incurred prior to September 30, 2010.
2. **Collaborative Responsibilities:** At the request of OCIO, Grantees may be required to participate in scheduled activities and communications to identify and share "best practices" for Exchanges, including discussion of State proposals and sharing of information via public websites. OCIO will post general summaries of the State proposals on the OCIO website. The Grantee is required to participate in all required communications (e.g., monitoring calls, guidance calls) as requested by OCIO.
3. **Personnel Changes:** The Grantee is required to notify the OCIO Project Officer and the OCIO Grants Management Officer within thirty (30) days of any personnel changes affecting the grant's Project Director, Assistant Project Director, or the Financial Officer.
4. **Funding Specifications:** All funds provided under this grant will be used by the Grantee exclusively for the State Planning and Establishment Grants for the Affordable Care Act's Exchanges as defined in Section 1311 of the Affordable Care Act and as described in the funding opportunity announcement. If the Grantee uses these funds for any purpose other than those awarded through this program (or those modifications that have the prior written approval of the OCIO Project Officer) then all funds provided under this grant may be required to be returned to the United States Treasury.
  - a. **Consumer Assistance.** States can use Exchange grant funds to conduct activities that can be funded under the Consumer Assistance Program Grants and only to the extent that there will be no duplicative Federal funding for such activities and that the activities funded meet the terms and conditions for all of grants.
  - b. **Medicaid/CHIP.** Exchange grant funds cannot be used exclusively for the modification of systems or processes solely related to Medicaid/CHIP eligibility.
  - c. **Information Technology (IT) Systems.** The funding for Exchange IT systems should come from the Exchange grant funds. The Exchange grant funds awarded under this Notice of Grant Award are intended for planning activities only and any procurement activities should not be pursued without prior approval from OCIO.
  - d. **Medical Loss Ratio (MLR).** Exchange grant funds cannot be used for the implementation of the MLR requirements of the Affordable Care Act. States can use

STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT'S EXCHANGES  
SPECIAL TERMS & CONDITIONS

Exchange grant funds for MLR activities only to the extent that such activities are related to the planning and implementation of Exchanges.

5. **Required Grant Reporting:** The templates for the Required Grant Reporting will be forthcoming.
- a. **Quarterly Project Report.** The Grantee is required to submit four (4) Quarterly Progress Reports to the OCIO Grants Management Specialist and to the OCIO Project Officer. Quarterly Progress Reports are due within 30 days after the end of the quarter (no later than January 31, April 30, July 31, and October 31, 2011).
  - b. **Final Project Report.** The Grantee is required to submit a Final Project Report to the OCIO Grants Management Specialist, with a copy to the OCIO Project Officer, within 90 days after the project period ending date (no later than December 31, 2011).
  - c. **Public Report.** The Grantee is required to prominently post specific information about the Exchange grants on their respective Internet websites to ensure that the public has information on the use of funds.
6. **Required Financial Reports:** A Financial Status Report (FSR) (SF 269A – Short Form) is required from the recipient within 90 days after the end of the project period. Records of expenditures and any program income generated must be maintained in accordance with the provisions of 45 CFR 74.53 or 92.42. The Grantee will submit the FSR to the OCIO Grants Management Specialist listed on this Notice of Grant Award with a copy to the OCIO Project Officer. (The SF-269A may be accessed at the following site: [www.whitehouse.gov/omb/grants/sf269a](http://www.whitehouse.gov/omb/grants/sf269a)).

Effective January 1, 2010, Grantees are to report cash transaction data via the Payment Management System (PMS) using the Federal Financial Report (FFR or Standard Form 425) cash transaction data elements. The FFR must be filed within 30 days of the end of the quarter (instead of the 45 days allowed for filing the PSC 272). Reporting cash transaction data using the FFR replaces the use of the Federal Cash Transaction Report (SF-272/SF272A). Additional information and training are available on the Division of Payment Management website ([www.dpm.psc.gov](http://www.dpm.psc.gov)).

A Quick Reference Guide for completing the FFR in the PMS is at [www.dpm.psc.gov/grant\\_recipient/guides\\_forms/ffr\\_quick\\_reference](http://www.dpm.psc.gov/grant_recipient/guides_forms/ffr_quick_reference).

**Budgeted costs for the Exchange Grant Application  
Budget Detail**

Budget Period From: 10/1/10

|  |   |                   |                    |
|--|---|-------------------|--------------------|
| <b>Salaries</b>  |   | subtotal          | \$ 140,109         |
| <b>Fringe Benefits</b> (based on department average of 2,231,745/5,191,822 = 42.99%)<br>(includes FICA, retirement, workers' comp and health, dental & life insurance) |   |                   |                    |
| FICA   | 7.58%   |                   | 10,619             |
| Health Insurance   | 17.59%  |                   | 24,644             |
| Retirement   | 15.29%  |                   | 21,421             |
| Dental   | 1.30%   |                   | 1,820              |
| Life   | 0.40%   |                   | 560                |
| Long Term Disability (LTD)   | 0.04%   |                   | 56                 |
| Employee Assistance Program (EAP)  | 0.05%   |                   | 70                 |
| Workers Compensation   | 0.50%   |                   | 701                |
|  | 42.75%  |                   | subtotal \$ 59,891 |
| <b>Sub-total Salaries and Fringe</b>   |   | subtotal          | \$ 200,000         |
| <b>Travel</b>  |   |                   |                    |
| ~ In-State Travel (4 people * 1000 miles each * \$0.50 per mile)   |   |                   | 2,000              |
| ~ Out-of-State Travel (4 people * 3 conferences * \$1500 airfare&other)  |   |                   | 18,000             |
|  |   | subtotal          | \$ 20,000          |
| <b>Equipment</b>   |   |                   |                    |
| ~ Start-up Computer Equipment Hardware and Software  | 0   |                   | 0                  |
| ~ Start-up Eqpt (Desk, Chair, other)   | 0   |                   | 0                  |
|  |   | subtotal          | \$ -               |
| <b>Supplies</b>  |   |                   |                    |
| ~ Miscellaneous Supplies   |   |                   | 0                  |
| ~ Office Supplies  | 0   |                   | 0                  |
|  |   | subtotal          | \$ -               |
| <b>Vendor Contractual</b>  | Details (hours & rate per hour)   |                   |                    |
| No vendors have yet been hired   |   |                   |                    |
| Master planning grant:   |   |                   |                    |
|  | Road Map \$250/hr * 280 hours   |                   | 70,000             |
|  | Study of current insurance market & recommendations for restructuring \$325/hr * 1077 hours |                   | 350,000            |
|  | Assessment of Current Programs and Integration Opportunities \$250/hr * 200 hours           |                   | 50,000             |
|  | Formal Assessment of Churning \$250/hr * 120 hours  |                   | 30,000             |
|  | Formal Assessment of Organizational, Policy and Fiscal Implications \$250/hr * 400 hours    |                   | 100,000            |
|  | Financial Functions of Design Options \$250/hr * 400 hours                                  |                   | 100,000            |
|  | Uninsured/Underinsured Study \$65/hr * 461.5 hours  |                   | 30,000             |
|  | Stakeholder Study \$80/hr * 625 hours   |                   | 50,000             |
|  |   | 0                 |                    |
|  |   | subtotal          | \$ 780,000         |
| <b>Other</b>   |   |                   |                    |
| ~ Space  | 0   |                   | 0                  |
| ~ Printing & Duplicating   | 0   |                   | 0                  |
| ~ Telephone  | 0   |                   | 0                  |
|  |   | subtotal          | \$ -               |
| <b>CAP Charges</b> (based on % of personnel costs)   |   |                   |                    |
| Allocation Based on Approved Public Assistance Cost Allocation Plan  | @ 0.00%   |                   | subtotal \$ -      |
| <b>GRAND TOTAL</b>   |   | Total             | \$ 1,000,000       |
|  | 100%  | Federal Share     | \$ 1,000,000       |
|  |   | Non-Federal Share | \$ -               |

**STATE OF VERMONT  
Joint Fiscal Committee Review  
Limited Service - Grant Funded  
Position Request Form**

This form is to be used by agencies and departments when additional grant funded positions are being requested. Review and approval by the Department of Human Resources must be obtained prior to review by the Department of Finance and Management. The Department of Finance will forward requests to the Joint Fiscal Office for JFC review. A Request for Classification Review Form (RFR) and an updated organizational chart showing to whom the new position(s) would report must be attached to this form. Please attach additional pages as necessary to provide enough detail.

Agency/Department: AHS/DVHA Date: October 18, 2010

Name and Phone (of the person completing this request): Kate Jones, 879-8256

Request is for:

- Positions funded and attached to a new grant.  
 Positions funded and attached to an existing grant approved by JFO # \_\_\_\_\_

1. Name of Granting Agency, Title of Grant, Grant Funding Detail (attach grant documents):

Office of Consumer Information and Insurance Oversight - U.S. Department of Health and Human Services, State Planning and Establishment Grants for the Affordable Care Act's Exchange

2. List below titles, number of positions in each title, program area, and limited service end date (information should be based on grant award and should match information provided on the RFR) position(s) will be established only after JFC final approval:

| <u>Title* of Position(s) Requested</u> | <u># of Positions</u> | <u>Division/Program</u> | <u>Grant Funding Period/Anticipated End Date</u> |
|--|-----------------------|-------------------------|--|
| Grants Management Specialist           | 1                     | Health Care Reform      | 10/1/2010 - 9/30/2011 / 9/30/2011                |

\*Final determination of title and pay grade to be made by the Department of Human Resources Classification Division upon submission and review of Request for Classification Review.

3. Justification for this request as an essential grant program need:

The purpose of this grant is to carry out the mandates set forth by the Affordable Care Act by expanding insurance coverage to provide more health care choices, to enhance the quality of health care, hold insurance companies more accountable and lower health care costs. The Grants Management Specialist will be responsible for compliance, financial monitoring and reporting of activities as related to the federal grant award on behalf of DVHA.

I certify that this information is correct and that necessary funding, space and equipment for the above position(s) are available (required by 32 VSA Sec. 5(b)).

[Signature] \_\_\_\_\_ Date 10/19/10  
Signature of Agency or Department Head

[Signature] \_\_\_\_\_ Date 10/22/10  
Approved/Denied by Department of Human Resources

[Signature] \_\_\_\_\_ Date 10/24/10  
Approved/Denied by Secretary of Administration

[Signature] \_\_\_\_\_ Date 10/25/10  
Approved/Denied by Finance + Management

Comments:

**Request for Classification Action**  
**New or Vacant Positions**  
**EXISTING Job Class/Title ONLY**  
**Position Description Form C/Notice of Action**  
**For Department of Personnel Use Only**

|   |   |
|---|---|
| Notice of Action # <u>11-730170-H</u>   | Date Received (Stamp)                                   |
| Action Taken: <u>Allocation</u>   | <b>RECEIVED</b><br>OCT 22 2010<br>BY DHR                |
| New Job Title <u>Grants Management Spec</u>   |   |
| Current Class Code _____ New Class Code <u>049601</u>   |   |
| Current Pay Grade _____ New Pay Grade <u>23</u>   |   |
| Current Mgt Level _____ B/U _____ OT Cat. _____ EEO Cat. _____ FLSA _____                                     |   |
| New Mgt Level _____ B/U _____ OT Cat. _____ EEO Cat. <u>2</u> FLSA <u>P</u>                                   |   |
| Classification Analyst <u>Tammy Euson</u> Date <u>10/22/10</u>  | Effective Date: <u>10/10/10</u>                         |
| Comments:   | Date Processed: <u>For Recruitment</u><br><u>PLUPOS</u> |
| Willis Rating/Components: Knowledge & Skills: <u>212</u> Mental Demands: <u>92</u> Accountability: <u>106</u> |   |
| Working Conditions: <u>UFO</u> Total: <u>410</u>  |   |

**Position Information:**

Incumbent: **Vacant or New Position**

Position Number: N/A Current Job/Class Title: Grants Management Specialist

Agency/Department/Unit: AHS/DVHA/Business Office GUC: 73035

Pay Group: 73Z Work Station: Williston Zip Code: 05495

Position Type:  Permanent  Limited Service (end date) Unknown - 9/30/11

Funding Source:  Core  Sponsored  Partnership. For Partnership positions provide the funding breakdown (% General Fund, % Federal, etc.) 100% Federal

Supervisor's Name, Title and Phone Number: Kate Jones, Financial Manager II 879-8256

**Check the type of request (new or vacant position) and complete the appropriate section.**

**New Position(s):**

a. **REQUIRED:** Allocation requested: Existing Class Code 049601 Existing Job/Class Title: Grants Management Specialist

b. Position authorized by:

Joint Fiscal Office – JFO #  Approval Date:

Legislature – Provide statutory citation (e.g. Act XX, Section XXX(x), XXXX session)

Other (explain) -- Provide statutory citation if appropriate.

**Vacant Position:**

a. Position Number:

b. Date position became vacant:

c. Current Job/Class Code:  Current Job/Class Title:

d. REQUIRED: Requested (existing) Job/Class Code:  Requested (existing) Job/Class Title:

e. Are there any other changes to this position; for example: change of supervisor, GUC, work station? Yes  No  If Yes, please provide detailed information:

**For All Requests:**

1. List the anticipated job duties and expectations; include all major job duties:

**Exchange Fund Accounting/Administration:**

• Prepare and analyze monthly financial reports for the Exchange Fund, including expenditure rates, expenditure trends, anticipated financial problems and opportunities.

• Prepare monthly financial reports involving a complex mix of invoice and expenditures.

• Manage the Exchange Fund accounts receivable process, including production of quarterly invoices and accounts receivable collection

**Grant Financial (non-programmatic) Duties:**

• Outreach to subrecipient regarding resolution of financial issues

• Monitor and report on the financial status of the grant appropriations and expenditures, responsible for taking corrective action in the event of increased program costs and changing regulations.

• Maintain various accounting systems encompassing a wide variety of income and expenditure accounts utilizing detailed, formula-driven spreadsheets.

• Ensure compliance with appropriate financial laws, regulation and procedures.

• Prepare grant budgets based upon information, data and guidelines provided for under grant requirements

• Prepare financial grant reporting components to be included with overall grant reporting to OCIO (quarterly and annual Federal financial reports)

• Prepare contract agreements between DVHA and Contractors

2. Provide a brief justification/explanation of this request:  In an effort to meet the reporting requirements attached the State Planning and Establishment Grants for the Affordable Care Act's Exchange DVHA will need this position. Noncompliance with these requirements could jeopardize our funding through this important federal program.

3. If the position will be supervisory, please list the names and titles of all classified employees reporting to this position (this information should be identified on the organizational chart as well). Not supervisory

**Personnel Administrator's Section:**

4. If the requested class title is part of a job series or career ladder, will the position be recruited at different levels? Yes  No

5. The name and title of the person who completed this form: Kate Jones, Financial Manager II

6. Who should be contacted if there are questions about this position (provide name and phone number):  
Kate Jones, 879-8256

7. How many other positions are allocated to the requested class title in the department: 0

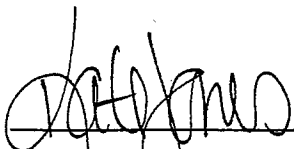
8. Will this change (new position added/change to vacant position) affect other positions within the organization? (For example, will this have an impact on the supervisor's management level designation; will duties be shifted within the unit requiring review of other positions; or are there other issues relevant to the classification process.) No

**Attachments:**

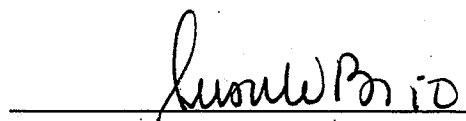
- Organizational charts are **required** and must indicate where the position reports.
- Class specification (optional).
- For new positions, include copies of the language authorizing the position, or any other information that would help us better understand the program, the need for the position, etc.
- Other supporting documentation such as memos regarding department reorganization, or further explanation regarding the need to reallocate a vacancy (if appropriate).

\_\_\_\_\_  
Personnel Administrator's Signature (**required**)\*

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Supervisor's Signature (**required**)\*

10/18/2010  
\_\_\_\_\_  
Date

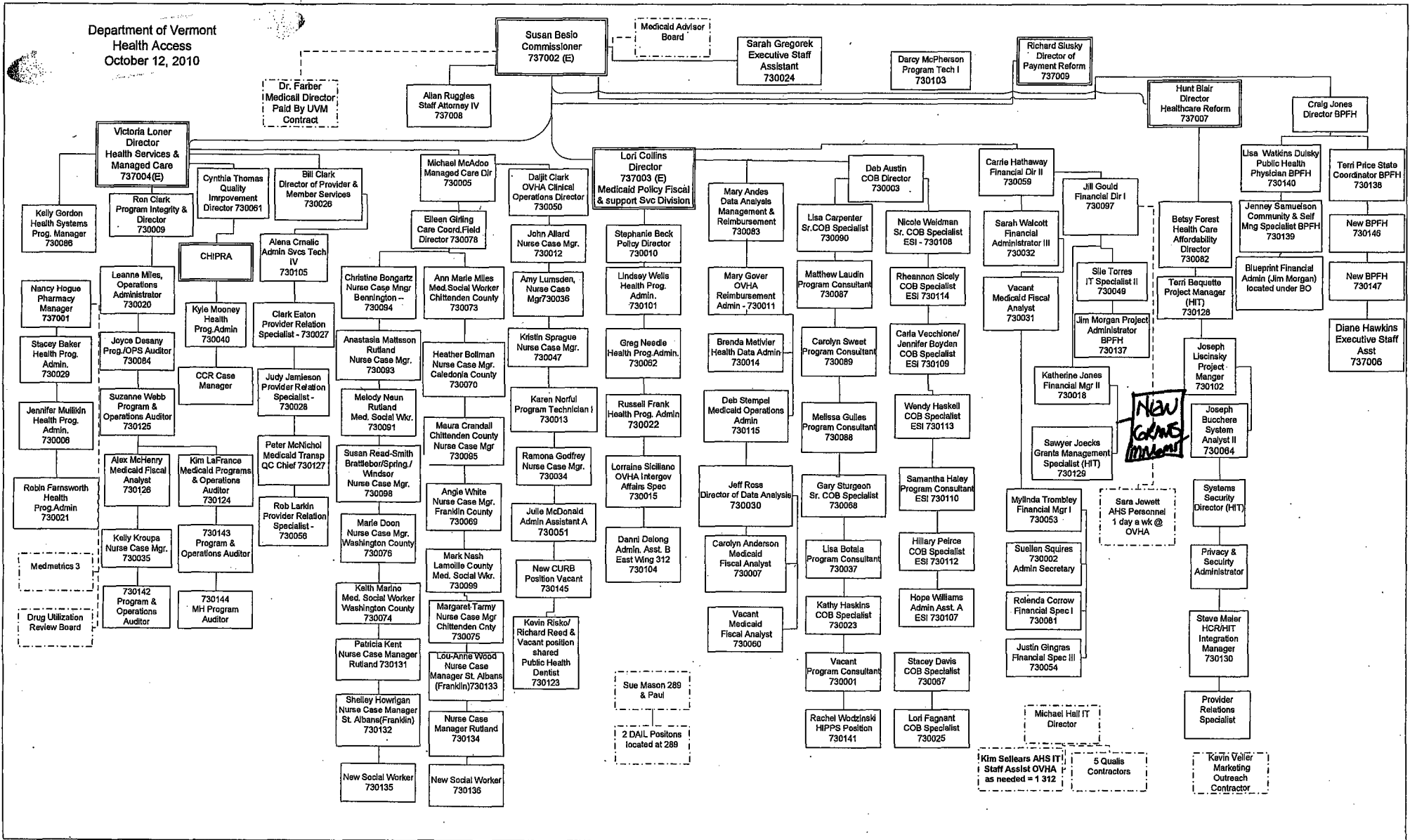
  
\_\_\_\_\_  
Appointing Authority or Authorized Representative Signature (**required**)\*

10/19/10  
\_\_\_\_\_  
Date



\* Note: Attach additional information or comments if appropriate.

Department of Vermont  
Health Access  
October 12, 2010



Joint Fiscal Committee meeting, 11/15/10, DVHA & BISHCA testimony on Exchange planning grant  
**WHY VERMONT SHOULD MOVE FORWARD ON EXCHANGE DEVELOPMENT**

- Regardless of how Vermont chooses to design its Exchange, federal law requires us to have one. If we don't build a Vermont Exchange, the federal government will step in and design an Exchange that may not serve Vermont's needs.
- The planning grant and development of an Exchange will benefit Vermont financially:
  - It provides federal Exchange grant money (initial planning grant of \$1 million) to do research that will inform any decision Vermont might make about the future of our health care system.
  - Beginning to build an Exchange now will allow us to use federal dollars to build functionality that will be useful no matter what direction Vermont takes. For example, we have to replace our eligibility IT infrastructure no matter what direction we take; replacing it within the context of building an Exchange will allow us to receive enhanced federal match (in addition to any Exchange grants) funding.
  - Tax credits for people enrolled in health plans will be available only through the Exchange. Vermont and Vermonters will benefit from these federal premium subsidies.
  - We will not be positioned to ask for the next round of grant funds for FFY 12 unless we make significant progress on designing Vermont's Exchange in FFY 11.
- This planning grant allows for work that is complimentary to the Hsiao study – data collection, model building, single eligibility system, etc.
  - There is nothing in the ACA that would prevent Vermont from offering one plan on the Exchange and prohibiting the sale of plans outside the Exchange.
  - The Exchange could be a powerful tool to promote quality and reduce costs.
  - The Exchange will have functionality that we will need regardless. Examples:
    - On-line application for coverage and to choose benefit plan
    - Easy to understand description and comparison of benefit plans/packages
    - Calculation of eligibility for federal subsidies/tax credits
    - Navigator support for consumers
- In fact, Vermont Act 128 specifically contemplates that these two activities are complementary, in that it directs us to pursue these federal opportunities at the same time as the design study (which was also contained in Act 128):

Act 128 of 2010

**Sec. 10. IMPLEMENTATION OF CERTAIN FEDERAL HEALTH CARE REFORM PROVISIONS**

(a) From the effective date of this act through July 1, 2011, the commissioner of health shall undertake such planning steps and other actions as are necessary to secure grants and other beneficial opportunities for Vermont provided by the Patient Protection and Affordable Care Act of 2010, Public Law 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Public Law 111-152.

(b) From the effective date of this act through July 1, 2011, the commissioner of Vermont health access shall undertake such planning steps as are necessary to ensure Vermont's participation in beneficial opportunities created by the Patient Protection and Affordable Care Act of 2010, Public Law 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Public Law 111-152.

## **Exchange Planning Grant: Project Abstract**

The State of Vermont has a long history of proactively addressing health care delivery and health care system financing. In 1992 the Vermont General Assembly mandated that the individual and small group health insurance markets be community rated and sold on a guaranteed issue basis. Vermont's public programs likewise provide high-quality, affordable health care to a wide range of its citizens. The Dr. Dynasaur program serves children in families with income below 300% FPL, and the Vermont Health Access Plan (VHAP) provides coverage for childless adults up to 150% FPL and adults with children up to 185% FPL.

In 2006 the General Assembly passed comprehensive health care reform legislation that created the Catamount Health program. Catamount Health, a private insurance product offered by two Vermont non-profit insurance carriers, is available to Vermonters who have been uninsured for 12 or more months. For individuals with incomes below 300% FPL, a premium subsidy is available. Implementation of Catamount Health was the culmination of a highly successful partnership among several state agencies (including the Department of Vermont Health Access (DVHA) and the Department of Banking, Insurance, Securities, and Health Care Administration (BISHCA)), private insurance carriers, and many community organizations. This strong working partnership still exists today and puts Vermont in an excellent position to create an American Health Benefit Exchange pursuant to the Affordable Care Act of 2010.

This grant application is the result of the collaborative effort of DVHA and BISHCA. Under this grant, Vermont is proposing to accomplish the following tasks:

- Develop a roadmap for planning for the Exchange
- Analyze data from a 2009 Vermont household health insurance survey to gain a better understanding of the uninsured population
- Analyze the current insurance market to determine the quality and type of health insurance coverage, the appropriate regulatory environment for implementing the Exchange, and the potential impacts on the market of various options.
- Conduct focus groups to obtain stakeholder input on the goals for the Exchange
- Assess current programs and integration opportunities in both the public and private sectors
- Analyze the effects of "churning" in current programs and strategies for decreasing the churn rate
- Assess various Exchange organizational models and the policy and fiscal implications of each, as well as resources needed to operate the Exchange
- Model potential funding mechanisms to achieve Exchange sustainability
- Develop proposed legislation for the 2011 and 2012 sessions
- Create an implementation plan for the chosen Exchange design.

The budget for the tasks described above for the first planning year is estimated to be \$1 million. We are confident that Vermont can build on its existing program and market infrastructure to create a successful American Health Benefit Exchange.



**STATE OF VERMONT**  
JOINT FISCAL OFFICE

**MEMORANDUM**

To: Joint Fiscal Committee Members  
From: Nathan Lavery, Fiscal Analyst  
Date: November 4, 2010  
Subject: Grant Request

Enclosed please find one (1) request that the Joint Fiscal Office has received from the administration. This request includes the establishment of one (1) limited service position.

**JFO #2468** — \$1,000,000 grant from the U.S. Department of Health and Human Services to the Department of Vermont Health Access. This grant will be used to help determine if a health insurance exchange should be established in Vermont, and to support the planning activities for the development of an exchange. One (1) limited service position is associated with this request. **Expedited review of this item has been request. Joint Fiscal Committee members will be contacted by November 12 with a request to waive the statutory review period and accept this item.**  
[JFO received 10/28/10]

In accordance with the procedures for processing such requests, we ask you to review the enclosed and notify the Joint Fiscal Office (Nathan Lavery at 802-828-1488; [nlavery@leg.state.vt.us](mailto:nlavery@leg.state.vt.us)) if you have questions or would like an item held for Joint Fiscal Committee review.

cc: James Reardon, Commissioner  
Susan Besio, Commissioner

**State of Vermont**  
 Department of Finance & Management  
 109 State Street, Pavilion Building  
 Montpelier, VT 05620-0401

[phone] 802-828-2376  
 [fax] 802-828-2428

Agency of Administration

**STATE OF VERMONT**  
**FINANCE & MANAGEMENT GRANT REVIEW FORM**

|   |              |  |   |               |                 |
|---|--------------|--|---|---------------|-----------------|
| <b>Grant Summary:</b>                         |              | The purpose of this grant is to help Vermont determine if a health insurance exchange should be established and will support planning activities for the development of an exchange. This is an expedited ACA Grant request. There is an attachment to this request from DVHA that explains the reasons for asking to expedite this request. |   |               |                 |
| <b>Date:</b>                                  |              | 10/22/2010   |   |               |                 |
| <b>Department:</b>                            |              | Vermont Health Access  |   |               |                 |
| <b>Legal Title of Grant:</b>                  |              | State Planning and Establishment Grants for the Affordable Care Act's Exchange   |   |               |                 |
| <b>Federal Catalog #:</b>                     |              | 93.525   |   |               |                 |
| <b>Grant/Donor Name and Address:</b>          |              | Office of Consumer Information and Insurance, US Department of Health and Human Services, 200 Independence Ave., Washington, DC 20201  |   |               |                 |
| <b>Grant Period:</b>                          |              | <b>From:</b>   | <b>To:</b>  |               |                 |
|   |              | 10/1/2010  | 9/30/2011   |               |                 |
| <b>Grant/Donation</b>                         |              | \$1,000,000  |   |               |                 |
|   | <b>SFY 1</b> | <b>SFY 2</b>   | <b>SFY 3</b>  | <b>Total</b>  | <b>Comments</b> |
| <b>Grant Amount:</b>                          | \$750,000    | \$250,000  | \$  | \$1,000,000   |                 |
| <b>Position Information:</b>                  |              | <b># Positions</b>   | <b>Explanation/Comments</b>   |               |                 |
|   |              | 1  | This project manager will manage the project, including award compliance, financial monitoring and reporting to the Federal Government. |               |                 |
| <b>Additional Comments:</b>                   |              |  |   |               |                 |
|   |              |  |   |               |                 |
| <b>Department of Finance &amp; Management</b> |              |  |   | 10/25/10      | (Initial)       |
| <b>Secretary of Administration</b>            |              |  |   | TP / 10/26/10 | (Initial)       |
| <b>Sent To Joint Fiscal Office</b>            |              |  |   | 10/27/10      |                 |

**RECEIVED**  
 OCT 28 2010  
**JOINT FISCAL OFFICE**

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13





| VERMONT GRANT ACCEPTANCE REQUEST<br>Affordable Care Act (Form AA-1-ACA) |   | Priority Level (check one box):<br>Expedited 14 Days <input checked="" type="checkbox"/> Normal 30 days <input type="checkbox"/> |               |          |
|---|---|--|---------------|----------|
| <b>BASIC GRANT INFORMATION</b>  |   |  |               |          |
| 1. Agency:  | Human Services  |  |               |          |
| 2. Department:  | Vermont Health Access   |  |               |          |
| 3. Program:   | Health Care Reform Affordability  |  |               |          |
| 4. Legal Title of Grant:  | State Planning and Establishment Grants for the Affordable Care Act's Exchange  |  |               |          |
| 5. Federal Catalog #:   | 93.525  |  |               |          |
| 6. Grant/Donor Name and Address:  | Office of Consumer Information and Insurance Oversight, U.S. Department of Health and Human Services, 200 Independence Ave., Washington D.C. 20201  |  |               |          |
| 7. Grant Period:  | From:   | 10/1/2010  | To: 9/30/2011 |          |
| 8. Purpose of Grant:  | The purpose of this award is to help states determine if a health insurance exchange should be established and support planning activities for the development of such an exchange. A Health insurance exchange will allow individuals and small businesses access to bargaining power comparable to that of established larger groups in the health insurance marketplace. |  |               |          |
| 9. Impact on existing program if grant is not Accepted:                 | Exploring the establishment of an exchange will help to fulfill the federal mandates included in the Affordable Care Act, signed into law in March of 2010.   |  |               |          |
| <b>10. BUDGET INFORMATION</b>   |   |  |               |          |
|   | SFY 1   | SFY 2  | SFY 3         | Comments |
| <b>Expenditures:</b>  | FY 11   | FY 12  | FY            |          |
| Personal Services   | \$735,000   | \$245,000  | \$            |          |
| Operating Expenses  | \$15,000  | \$5,000  | \$            |          |
| Grants  | \$  | \$   | \$            |          |
| <b>Total</b>  | <b>\$750,000</b>  | <b>\$250,000</b>   | <b>\$</b>     |          |
| <b>Revenues:</b>  |   |  |               |          |
| State Funds:  | \$  | \$   | \$            |          |
| Cash  | \$  | \$   | \$            |          |
| In-Kind   | \$  | \$   | \$            |          |
| Federal Funds:  | \$750,000   | \$250,000  | \$            |          |
| (Direct Costs)  | \$  | \$   | \$            |          |
| (Statewide Indirect)  | \$  | \$   | \$            |          |
| (Departmental Indirect)   | \$  | \$   | \$            |          |
| Other Funds:  | \$  | \$   | \$            |          |
| Grant (source )   | \$  | \$   | \$            |          |
| <b>Total</b>  | <b>\$750,000</b>  | <b>\$250,000</b>   | <b>\$</b>     |          |
| Appropriation No:   | 3410010000  | Amount:  | \$1,000,000   |          |
|   |   |  | \$            |          |
|   |   |  | \$            |          |
|   |   |  | \$            |          |
|   |   |  | \$            |          |

REC'D OCT 2 2010

|  |  |              |             |
|--|--|--------------|-------------|
|  |  |              | \$          |
|  |  |              | \$          |
|  |  | <b>Total</b> | \$1,000,000 |

**PERSONAL SERVICE INFORMATION**

**11. Will monies from this grant be used to fund one or more Personal Service Contracts?**  Yes  No  
 If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding process/policy.

Appointing Authority Name: \_\_\_\_\_ Agreed by: SW (initial)

| 12. Limited Service Position Information: | # Positions | Title                       |
|---|-------------|-----------------------------|
|   | 1           | Grant Management Specialist |
|   |             |                             |
|   |             |                             |
| <b>Total Positions</b>                    | 1           |                             |

**12a. Equipment and space for these positions:**  Is presently available.  Can be obtained with available funds.

**13. AUTHORIZATION AGENCY/DEPARTMENT**

|  |                                       |                       |
|--|---------------------------------------|-----------------------|
| I/we certify that no funds beyond basic application preparation and filing costs have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant, unless previous notification was made on Form AA-1PN (if applicable): | Signature: <u>Susan Besio</u>         | Date: <u>10/19/10</u> |
|  | Title: Susan Besio, DVHA Commissioner |                       |
|  | Signature: <u>Robert Hofmann</u>      | Date: <u>10/20/10</u> |
|  | Title: Robert Hofmann, AHS Secretary  |                       |

**14. SECRETARY OF ADMINISTRATION**

|   |  |                       |
|---|--|-----------------------|
| <input checked="" type="checkbox"/> Approved: | (Secretary or designee signature) <u>Tom</u> | Date: <u>10/26/10</u> |
|---|--|-----------------------|

**15. ACTION BY GOVERNOR**

|  |   |                       |
|--|---|-----------------------|
| <input checked="" type="checkbox"/> Accepted | (Governor's signature) <u>[Signature]</u> | Date: <u>10/27/10</u> |
| <input type="checkbox"/> Rejected            |   |                       |

**16. DOCUMENTATION REQUIRED**

**Required GRANT Documentation**

|   |   |
|---|---|
| <input checked="" type="checkbox"/> Request Memo                | <input type="checkbox"/> Notice of Donation (if any)              |
| <input type="checkbox"/> Dept. project approval (if applicable) | <input type="checkbox"/> Grant (Project) Timeline (if applicable) |
| <input checked="" type="checkbox"/> Notice of Award             | <input type="checkbox"/> Request for Extension (if applicable)    |
| <input checked="" type="checkbox"/> Grant Agreement             | <input type="checkbox"/> Form AA-1PN attached (if applicable)     |
| <input checked="" type="checkbox"/> Grant Budget                |   |

**End Form AA-1**

circled (1/2-100)

1/2-100 (1/2-100)

1/2-100 (1/2-100)

1/2-100 (1/2-100)

1/2-100 (1/2-100)

1/2-100 (1/2-100)

1/2-100 (1/2-100)

1/2-100 (1/2-100)




Department of Vermont Health Access  
312 Hurricane Lane, Suite 201  
Williston, VT 05495  
www.dvha.vermont.gov

Agency of Human Services  
[phone] 802-879-5900

## MEMORANDUM

**TO:** Toni Hartrich, Budget and Management Analyst, FinMan

**FROM:** Jill Gould, Financial Director I, DVHA 

**DATE:** October 22, 2010

**SUBJECT:** Request for Expedited Routing of Grant Acceptance Request  
State Planning and Establishment Grants for the Affordable Care Act's Exchange

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The DVHA was recently awarded the State Planning and Establishment Grants for the Affordable Care Act's Exchange by the Office of Consumer Information and Insurance Oversight, U.S. Department of Health and Human Services.

We are asking for the expedited approval process for this agreement due to the aggressive timelines and required completion date for this specific project of 9/30/11.

The DVHA currently has placed a Request for Proposal (RFP) out to bid for establishment of a Health Benefit Exchange with is set to close Friday October 22, 2010. The expected result of the RFP will be an executed contract with a provider to assist with the first year of planning for design and implementation of a federally mandated American Health Benefits Exchange in Vermont. This agreement must be executed ASAP in order to meet the first milestone of this project and form the framework for the remaining milestones.

MEMORANDUM

**TO:** Robert D. Hofmann; Secretary, Agency of Human Services (AHS)

**FROM:** Susan Besio; Commissioner, Department of Vermont Health Access (DVHA) 

**DATE:** October 19, 2010

**SUBJECT:** Grant Acceptance Request  
State Planning and Establishment Grants for the Affordable Care Act's Exchange

---

The DVHA was recently awarded the State Planning and Establishment Grants for the Affordable Care Act's Exchange by the Office of Consumer Information and Insurance Oversight, U.S. Department of Health and Human Services. The purpose of this award is to help states determine if a health insurance exchange should be established and support planning activities for the development of such an exchange. The establishment of a Health Benefits Exchange will allow individuals and small businesses access to bargaining power comparable to that of established larger groups in the health insurance marketplace. The DVHA currently has placed a Request for Proposal (RFP) out to bid for establishment of a Health Benefit Exchange with is set to close Friday October 22, 2010. The expected result of the RFP will be an executed contract with a provider to assist with the first year of planning for design and implementation of a federally mandated American Health Benefits Exchange in Vermont.

To accomplish this objective over the grant period, DVHA is requesting to accept grant funds to hire a full-time project manager as included in the federal award. The project manager will be responsible for management of the awarded contract, grant award compliance, financial monitoring and reporting of activities as related to the federal grant award on behalf of DVHA. This work cannot currently be done by staff already employed as the complexities and demands of successfully implementing this important grant require a dedicated professional's full-time focus.

received



Robert D. Hofmann  
Vermont Department of Human Services  
103 South Main Street  
Waterbury, VT 78714-9104

Dear Mr. Hofmann:

On behalf of the Office of Health Insurance Exchanges in the Office of Consumer Information and Insurance Oversight (OCIIO), I am pleased to inform you that we will fund your project in the amount of \$1000000 under Funding Opportunity Announcement CFDA 93.525, entitled State Planning and Establishment Grants for the Affordable Care Act's Exchanges.

Health Insurance Exchanges will empower the American people to truly compare the health benefits they purchase for the first time. The Exchanges will allow individuals and small businesses access to bargaining power comparable to that of established larger groups. Health Insurance Exchanges help level the playing field by putting greater control and greater choice in the hands of consumers.

These grants are designed to help states determine whether they should establish an Exchange, and if so, assist them in beginning to conduct the critical planning activities for Exchange development. The Affordable Care Act put states on the front lines of changing the health insurance marketplace to benefit consumers. These grants will give Vermont the necessary resources to determine how the Health Insurance Exchange can best serve consumers. HHS will help facilitate the sharing of information among states as the grants are utilized to ensure the most efficient use of federal dollars.

Your Notice of Grant Award will be mailed to you soon. Pursuant to the HHS Grants Policy Statement, terms and conditions are associated with the receipt of this grant and will be included with the Notice of Grant Award.

We at OCIIO thank you for your commitment and look forward to continued collaboration with Vermont to ensure the Exchange in your state fulfills the principals of affordability, quality, transparency and access that are embodied in the Affordable Care Act.

Sincerely,



Jay Angoff  
Director

Department of Health and Human Services

Office of the Secretary

Office of Consumer Information and Insurance Oversight

Grants, Contracts and Integrity Division  
7501 Wisconsin Ave West Tower  
Room 10-15  
Bethesda, MD 20814-6519

**NOTICE OF GRANT AWARD**

AUTHORIZATION (Legislation/Regulations)  
Section 1311 of the Affordable Care Act, Health Insurance Exchange

|  |                                 |
|--|---------------------------------|
| 1. DATE ISSUED (Mo./Day/Yr.)<br>09/29/2010   | 2. CFDA NO.<br>93.525           |
| 3. SUPERCEDES AWARD NOTICE dated<br>except that any additions or restrictions previously imposed remain<br>in effect unless specifically rescinded |                                 |
| 4. GRANT NO.<br>1 HBEIE100009-01-00<br>Formerly:   | 5. ADMINISTRATIVE CODES<br>SEPI |
| 6. PROJECT PERIOD Mo./Day/Yr.<br>From 09/30/2010   | Through 09/29/2011              |
| 7. BUDGET PERIOD Mo./Day/Yr.<br>From 09/30/2010  | Through 09/29/2011              |

8. TITLE OF PROJECT (OR PROGRAM) (Limit to 56 spaces)  
State Planning and Establishment Grants for the Affordable Care Act's Exchanges

|   |  |
|---|--|
| 9. GRANTEE NAME AND ADDRESS<br>a. Vermont Department of Human Services<br>b. 103 S Main St<br>c.<br><br>d. Waterbury<br>e. VT f. 05671-9800 | 10. DIRECTOR OF PROJECT (PROGRAM DIRECTOR/PRINCIPLE INVESTIGATOR)<br>(LAST NAME FIRST AND ADDRESS)<br>Betsy Forrest<br>103 S Main St<br>Waterbury, VT 05671<br><br>Phone: 802-879-5918 |
|---|--|

|  |   |
|--|---|
| 11. APPROVED BUDGET (Excludes HHS Direct Assistance)<br>I HHS Grant Funds Only<br>II Total project costs including grant funds and all other financial participation (Select one and place NUMERAL in box) <b>II</b> | 12. AWARD COMPUTATION FOR GRANT<br>a. Amount of HHS Financial Assistance (from item 11.u) 1,000,000<br>b. Less Unobligated Balance From Prior Budget Periods 0<br>c. Less Cumulative Prior Award(s) This Budget Period 0<br>d. AMOUNT OF FINANCIAL ASSISTANCE THIS ACTION 1,000,000 |
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| 13. RECOMMENDED FUTURE SUPPORT (Subject to the availability of funds and satisfactory progress of the project): |                    |
| YEAR  | TOTAL DIRECT COSTS |
| a. 2  | d. 5               |
| b. 3  | e. 6               |
| c. 4  | f. 7               |

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| 14. APPROVED DIRECT ASSISTANCE BUDGET (IN LIEU OF CASH):<br>a. AMOUNT OF HHS Direct Assistance 0<br>b. Less Unobligated Balance From Prior Budget Periods<br>c. Less Cumulative Prior Award(s) This Budget Period<br>d. AMOUNT OF DIRECT ASSISTANCE THIS ACTION 0 |
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| 15. PROGRAM INCOME SUBJECT TO 45 CFR PART 74, SUBPART F, OR 45 CFR 92.25, SHALL BE USED IN ACCORD WITH ONE OF THE FOLLOWING ALTERNATIVES:<br>(Select one and place LETTER in box.)<br>a. DEDUCTION<br>b. ADDITIONAL COSTS<br>c. MATCHING<br>d. OTHER RESEARCH (Add / Deduct Option)<br>e. OTHER (See REMARKS) | <b>b</b> |
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| 16. THIS AWARD IS BASED ON AN APPLICATION SUBMITTED TO, AND AS APPROVED BY, HHS ON THE ABOVE TITLED PROJECT AND IS SUBJECT TO THE TERMS AND CONDITIONS INCORPORATED EITHER DIRECTLY OR BY REFERENCE IN THE FOLLOWING:<br>a. The grant program legislation cited above.<br>b. The grant program regulation cited above.<br>c. This award notice including terms and conditions, if any, noted below under REMARKS.<br>d. HHS Grants Policy Statement including addenda in effect as of the beginning date of the budget period.<br>e. 45 CFR Part 74 or 45 CFR Part 92 as applicable.<br>In the event there are conflicting or otherwise inconsistent policies applicable to the grant, the above order of precedence shall prevail. Acceptance of the grant terms and conditions is acknowledged by the grantee when funds are drawn or otherwise obtained from the grant payment system. |
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REMARKS: (Other Terms and Conditions Attached -  Yes  No)

Refer to the following Award Attachments: 1) Standard Terms and Conditions 2) Special Terms and Conditions

RECEIVED

OCT 08

Agency of Human Services  
Office of the Secretary

|   |             |  |  |
|---|-------------|--|--|
| GRANTS MANAGEMENT OFFICER:<br> | (Signature) | (Name - Typed/Print)<br>Michelle Feagins | (Title)<br>Senior Grants Management Specialist |
|---|-------------|--|--|

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|--------------------------------------|---|---|--|--|
| 17. OBJ CLASS<br>FY-CAN<br>0-199RE41 | 18. CRS - EIN<br>DOCUMENT NO.<br>HBEIE0009A | 1036000264D4<br>ADMINISTRATIVE CODE<br>SEPI | 19. LIST NO.<br>AMT ACTION FIN ASST<br>1,000,000 | CONG. DIST.:<br>AMT ACTION DR ASST<br>00 |
| 20. a.                               | b.  | c.  | d.   | e.                                       |
| 21. a.                               | b.  | c.  | d.   | e.                                       |
| 22. a.                               | b.  | c.  | d.   | e.                                       |



# AWARD ATTACHMENTS

Vermont Department of Human Services

1 HBEIE100009-01-00

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1. Standard Terms and Conditions
2. Special Terms and Conditions

**Office of Consumer Information and Insurance Oversight**

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

**Standard Terms & Conditions  
Attachment A**

- 1. The HHS/Office of Consumer Information and Insurance Oversight (OCIIO) Program Official.** The Program Official assigned with responsibility for technical and programmatic questions from the Grantee is Susan Lumsden ([Susan.Lumsden@hhs.gov](mailto:Susan.Lumsden@hhs.gov)).
- 2. The HHS/OCIIO Grants Management Specialist.** The Grants Management Specialist assigned with the responsibility for the financial and administrative aspects (non-programmatic areas) of grants administration questions from the Grantee is Michelle Feagins in the Division of Grants Management ([Michelle.Feagins@hhs.gov](mailto:Michelle.Feagins@hhs.gov)).
- 3. The HHS Grants Policy Statement (HHS GPS).** This grant is subject to the requirements of the HHS GPS that are applicable to the Grantee based on your recipient type and the purpose of this award. This includes any requirements in Part I and II (available at <http://www.hhs.gov/grantsnet/adminis/gpd/index.htm>) of the HHS GPS that apply to an award.

Although consistent with the HHS GPS, any applicable statutory or regulatory requirements, including 45 CFR 92 directly applies to this award apart from any coverage in the HHS GPS.

- 4. Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).** This grant is subject to the requirements as set forth in Title 2 Part 225, State, Local, and Indian Tribal Governments (previously A-87).

JAMES H. DOUGLAS  
GOVERNOR



State of Vermont  
OFFICE OF THE GOVERNOR

August 18, 2010

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

Dear Secretary Sebelius,

I am pleased to endorse Vermont's application for federal development funds for the American Health Benefit Exchange. I believe Vermont is in a very strong position to build on our existing health care programs and private insurance market to create a successful Exchange to serve our citizens and businesses.

I am fully supportive of the activities included in Vermont's grant application, and I believe they will provide the necessary framework for implementation. I want to express my sincere commitment to building a Vermont Exchange that is both effective and efficient in achieving its goals. We very much appreciate this grant opportunity and will look forward to continuing our excellent working relationship with our partners at HHS.

Sincerely,

A handwritten signature in black ink, appearing to read "James H. Douglas", written over a circular embossed seal.

James H. Douglas  
Governor

JHD/jlc

## Project Narrative

The State of Vermont has a long history of proactively addressing health care delivery and health care system financing. In 1992 the Vermont General Assembly mandated that the individual and small group health insurance markets be community rated and sold on a guaranteed issue basis. Vermont's public programs likewise provide high-quality, affordable health care to a wide range of its citizens. In 1989 Vermont implemented the Dr. Dynasaur program, which now serves children in families with income below 300% FPL, and in 1995 the Vermont Health Access Plan (VHAP) began providing coverage for childless adults up to 150% FPL and adults with children up to 185% FPL.

More recently, in 2006, the Vermont General Assembly passed Act 191, An Act Relating to Health Care Affordability for Vermonters. Act 191 had three primary goals: increase health care access, improve health care quality, and contain health care costs. Most relevant to this grant application, Act 191 created the Catamount Health program. Catamount Health, a private insurance product offered by two Vermont non-profit insurance carriers<sup>1</sup>, is available to Vermonters who have been uninsured for 12 or more months.<sup>2</sup> For individuals with incomes below 300% FPL, a premium subsidy is available on a sliding scale. Additionally, Act 191 created an income-sensitive subsidy for certain individuals with access to employer-sponsored insurance.

Catamount Health (and the employer-sponsored insurance premium assistance program), significantly expanded existing programs, and implementation was the culmination of a highly successful partnership among several state agencies (including

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<sup>1</sup> Blue Cross Blue Shield of Vermont and MVP Health Plan.

<sup>2</sup> There are several exceptions to the 12 month uninsured requirement, such as losing health care due to loss of employment or divorce. See 8 V.S.A. § 4080f.

the Department of Vermont Health Access<sup>3</sup> (DVHA) and the Department of Banking, Insurance, Securities, and Health Care Administration (BISHCA)), private insurance carriers, and many community organizations. This strong working partnership still exists today and puts Vermont in an excellent position to create an American Health Benefit Exchange pursuant to the Affordable Care Act of 2010.

This grant application is the result of the collaborative effort of DVHA and BISHCA. It should be understood that in the nature of all planning, questions identified as key issues today may change as answers are revealed by research undertaken. In this grant application we attempt to identify where we are today in our priorities and analysis, but we emphasize that it is our intention to use our research and analysis to inform further planning to ensure the best possible health insurance Exchange for Vermonters. As a small state, Vermont faces unique challenges relating to market fragmentation and destabilization, and the Exchange creation process must be acutely focused on these risks. Below, we address the nine topics identified in the grant application. Topics preceded by an underline indicate specific areas where we hope to utilize grant funding.

**a. Background Research**

Generally, Vermont has very robust data on our health care delivery and financing systems. Vermont has created a multi-payer database that provides detailed information about claims paid by private insurers and Medicaid. Health insurers in Vermont must submit supplemental market data regarding enrollment and premiums collected in the comprehensive health insurance market (including the small group and nongroup markets). Vermont publishes ever-expanding sets of hospital quality and pricing data. Vermont collects and analyzes extensive data relating to inpatient and outpatient hospital

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<sup>3</sup> The Department of Vermont Health Access was the Office of Vermont Health Access until July 1, 2010.

budgets, as well as extensive categories of data about beneficiaries of state-sponsored health care programs, such as individual income and sources, demographics, and health care utilization. However, the creation of an Exchange will require a greater understanding of our health insurance market and our health care delivery system.

DVHA is already in the process of working with our legislative Joint Fiscal Office to estimate enrollment in 2014 in health care programs and Exchange plans and to estimate cost/savings to Vermont under the new structure. Below we identify some areas where we currently anticipate the additional need for study.

Roadmap for Planning for the Exchange: Although the projects listed below must occur, as a preliminary step Vermont intends to enter into a short-term contract with an entity to assist us in identifying the most critical policy decisions that must be made and the anticipated order in which such decisions should be made. This contract will result in an essential framework for all other planning activities.

Uninsured and Underinsured: In 2000, 2005, 2008, and 2009, BISHCA contracted to conduct a comprehensive survey of Vermonters to determine their insurance status, as well as their income and other circumstances. The 2009 survey results revealed that Vermont's health care reform efforts have been successful in reducing the number of uninsured Vermonters, even in the face of higher unemployment due to the recession. From 2005 to 2009, Vermont's uninsured rate decreased from 9.8% to 7.6%, leaving a total of 47,460 individuals still uninsured. Of the 47,460 uninsured individuals, 53% are eligible for, but not enrolled in, Vermont's existing public health care programs. Vermont intends to build on this research to understand not only the uninsured, but also to gain a greater understanding of the underinsured and how the

availability of insurance through the Exchange (and the impact of the grandfathering regulations) may impact Vermonters. We are also interested in more completely understanding why individuals eligible for current programs have not accessed those programs, in the hopes that such lessons will inform a better design for the Exchange.

Current insurance market: All health insurance rates charged and forms sold in Vermont must be approved by BISHCA prior to implementation. However, Vermont generally does not collect product-specific data once a product form is approved for sale, nor does Vermont currently fully understand the breadth of the “limited benefit” insurance market. Some additional study of the quality and type of health insurance coverage, both from the carrier perspective and the insured perspective, should help inform the development of the Exchange and the appropriate regulatory environment implementing the Exchange (and the market that will exist outside of the Exchange).

Further, we need to understand the impact of numerous decisions that must be made prior to implementation of the Exchange. Examples of such questions include: 1) What would be the impact of changing the definition of “small employer” from 50 to 100 employees prior to 2016? 2) What would be the impact of having an open enrollment period in Vermont? 3) How will the grandfather rules and regulations impact our insurance market going forward? 4) What would be the impact on the insurance market of allowing a catastrophic plan for individuals under age 30? 5) How aggressive should Vermont be in defining standards for plans offered both inside and outside of the Exchange? 6) How will Vermont mitigate the potential for adverse selection?

**b. Stakeholder Involvement**

Vermont is in the process of organizing a series of stakeholder meetings to gather information pertaining to different interest groups' goals for, and concerns about, an Exchange. These stakeholders include key legislators, health insurers, independent agents and brokers, "exempt" associations,<sup>4</sup> the Health Care Ombudsman, health care provider trade organizations, large and small employers, the Public Oversight Commission, current VHAP and Catamount Health premium subsidy beneficiaries, current privately insured individuals (particularly in the nongroup market) and consumer advocacy organizations. Not only will these conversations help guide the development of the goals of Vermont's Exchange, but will likely also inform the best approach to consumer education, marketing initiatives, and the navigator program. In light of Vermont's consistent commitment to public process, we anticipate this stakeholder dialogue to continue throughout the Exchange development process. All sites for stakeholder meetings and focus groups will meet ADA requirements for accessibility.

Formal stakeholder study: In addition to the above-noted, ongoing stakeholder meetings, Vermont is also interested in formally obtaining stakeholder input across different perspectives through the use of a contractor and a defined analytical process for evaluating stakeholder feedback. The key questions to be answered include: 1) What are your current greatest struggles with health care delivery and health care financing? 2) What are the most important elements you would like to see in an Exchange? and 3) How could the state best encourage and facilitate your use of the Exchange?

**c. Program Integration**

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<sup>4</sup> Vermont's unique association market is by definition "small group" insurance and encompasses a large percentage of the impacted market.



Program integration will be a guiding principal in the development of Vermont's Exchange. Vermont currently has an integrated eligibility system to provide Medicaid, CHIP, VHAP, Catamount Health premium assistance, and employer-sponsored insurance premium assistance to individuals; all programs are included under the umbrella name of "Green Mountain Care." Individuals may use a screening tool on the Green Mountain Care website to determine their potential eligibility for state-sponsored coverage, and may download a simplified application form; eligibility for any of the above programs is determined based on the completed application. Beginning this fall, individuals will be able to complete and submit applications on line. Vermont's automated eligibility system transmits Catamount Health enrollment and disenrollment data to insurance carriers via the HIPAA-compliant 834 format, and premium payments to the carriers are transmitted by EFT with accompanying remittance via HIPAA-compliant 820 format. The eligibility system currently has automated verification processes in place, such as Bendex, IRS 1099, new-hire wage match, quarterly wage match, PARIS, and unemployment insurance.

We plan to build on our current capacities as described above to incorporate Exchange functions, such as MAGI verification, eligibility determination for tax subsidies, eligibility for waiver of the mandate, exemption from the requirement to enroll in an employer plan, electronic communication with insurance plans and employers, and SHOP functions.

Assessment of current programs and integration opportunities: We hope to contract with an outside vendor to develop a comprehensive assessment of health care benefit programs across the public and private sectors with the ultimate goal of

standardizing benefit packages as much as possible (recognizing the complete standardization may not be possible). Where such integration is not feasible, Vermont may also examine the best methods to explain benefit and program feature differences so that people can clearly understand these differences and make the best choices in light of their circumstances, and so that policy decisions can be informed by these differences. We may also be interested in studying how different populations interact with health coverage distribution channels and whether, beyond benefit integration, communication tools associated with the acquisition of health care coverage need to be standardized or customized for specific populations.

Formal assessment of “churning”: Vermont, as most states, experiences a large volume of “churning” where individuals move between different programs on a sometimes monthly basis because of moderate changes in income or familial circumstances or failure to pay premiums. We would like to develop strategies aimed at decreasing the “churn” rate, since frequent movement on and off our existing programs has been disruptive to beneficiaries and program administrators alike and will remain an issue when the Exchange is operational.

**d. Resources and Capabilities**

Numerous functions envisioned by the Exchange are currently performed by BISHCA or DVHA, and our private and public health coverage markets are beginning to integrate. However, new functionality will need to be developed. Currently, conceptual approaches to manage these new functions are being discussed, but are still in the preliminary stages, since details about Exchanges remain to be established, and numerous questions remain unanswered. It is quite clear that current staff and organizational

structures will not be sufficient to run an insurance Exchange as defined in the ACA. Although the Legislature and the in-coming Governor will ultimately decide what structure the Exchange will take, it is the goal of the DVHA and BISHCA team to create a proposal to provide a framework for that discussion. Much of this work is being done with current state resources, with the exception of the considerable increase in travel funding needed to provide education to state staff.

Formal assessment of organizational models, including assessment of policy and fiscal implications of different models: We hope to contract with an outside consultant to develop possible models for Vermont's Exchange, to help analyze key policy and fiscal issues, and to assist in the determination of staffing and contracting needs to operate the Exchange. Such analysis would inform decisions on whether specific functions should be performed by existing state entities, by newly created state entities, or by outside entities. The consultant would also assist in answering other questions, such as whether a Basic Health Program would be advantageous in Vermont, the pros and cons of potential design options for the SHOP function, how the ACA employer assessment would affect Vermont's existing employer assessment, and how existing Catamount Health and employer-sponsored insurance premium assistance programs would fit or not fit into the new structure. It is our intent to leverage our current strengths and resources, while maximizing our opportunities to improve health care delivery and financing infrastructure. Finally, the consultant would assist in the development of an implementation plan for the chosen program design.

**e. Governance**

Vermont is well positioned, because of the structure of its current programs, to operate the Exchange as a state-run entity. Currently, we believe that a state-run Exchange will likely be more efficient, more fully integrated with existing health care programs, more responsive to consumer needs, and less administratively expensive than an Exchange operated by an independent nonprofit organization. Nonetheless, such assumptions must be tested, and we hope to use Exchange planning grants for such analysis.

Assess models and approaches to the Exchange: As noted above, we intend to contract with a consultant to help us determine the actual governance structure for the Exchange and answer questions such as: 1) Should the Exchange be operated by the state or an independent nonprofit? 2) Should the Exchange be an independent state agency, or should it reside within an existing agency? 3) Should the Exchange have a board of directors? If so, what will be its composition and how will members be appointed? 4) How should the Exchange be regulated? Our intention is that the consultant with whom we contract to develop a governance structure will also be examining needed resources, such as staff and contracts.

**f. Finance**

Obviously, with the structure of the Exchange and the related functions performed by different governmental entities still the subject of inquiry, specific plans relating to the financing features of the Exchange, as well as the financial sustainability of the Exchange itself, remain very much in flux. However, Vermont has identified sustainable funding of the Exchange as one of the most important decision points, and we expect it to be a primary factor in many choices made relating to the infrastructure and features of the

Exchange. Furthermore, we expect there will be numerous finance-related features, as noted in the grant application, which will need to be developed regardless of the final organizational approach developed for performing Exchange functions, including functions to minimize potential waste, fraud, and abuse

Formal study of sustainable Exchange funding: Vermont expects to contract with a consultant or group of consultants to model different potential funding mechanisms associated with the Exchange, with a particular emphasis on not increasing health care costs or the financial burden borne by Vermonters supporting the health care delivery and health care financing systems. We anticipate a great deal of stakeholder input in designing such a study and formulating the appropriate questions and criteria associated with the decision-making process.

Design and Development of Exchange Financial Functions: In addition to the issues associated with the financing of the Exchange, the Exchange, or an entity on behalf of the Exchange, will need to perform a variety of finance-related functions identified in the grant application, such as developing accounting and auditing standards, creating transparency and reporting mechanisms for the public, and developing mechanisms and infrastructure to comply with federal reporting requirements. We may also want to develop “aggregator” functions to help small businesses make the most of the Exchange and its features. It would be our hope to contract with one or more vendors to identify the pros and cons of various design options for these and related functionalities. Development and design should happen as soon as sufficient planning has occurred; it would be our hope that certain functionalities could be created prior to a final organizational Exchange design.

Measure the cost of state mandates: As part of our planning process, Vermont will need to assess the cost of state mandates if such mandates are not included in the federal “essential health benefits” definition. The assessment of such costs will be a key piece of data necessary for the Legislature to determine whether such mandates should continue to be supported, or whether such mandates are no longer appropriate in light of new financial realities.

**g. Technical Infrastructure**

Vermont has issued an RFP to procure and install essential components of a service oriented architectural design as a foundation for its new eligibility system, known as the Vermont Integrated Workflow Eligibility System, or VIEWS. VIEWS will include automated support for all Vermont’s health care programs, as well as other assistance programs such as TANF and SNAP. We anticipate having the infrastructure components in place by the spring of 2011. In early 2011 Vermont will issue an RFP for an implementation vendor, with a target of the summer of 2012 for a fully operational eligibility system.

We anticipate leveraging VIEWS (which will be developed with a focus on flexibility) to incorporate Exchange functions in the new eligibility system. Additionally, there are numerous Exchange-related technology requirements, such as the web portal and voice response system, for which we will need to procure vendors to design and install; however, this activity will most likely occur in 2011. We may build on our current Green Mountain Care website or create an entirely new web portal. Although we currently employ voice response technology in our current call center, we will most likely

need to procure more sophisticated technology to process phone applications efficiently and in a consumer-friendly manner.

**h. Business Operations**

The nature of the Exchange business operations will necessarily be dependent on numerous other decision points which have been discussed in other parts of this application. For example, at this time, it is anticipated that eligibility determinations will be made utilizing an enhanced version of DVHA's eligibility systems, as that would appear to be the most efficient (and least expensive) option. It is currently anticipated that such a system would be run through DVHA, with the Exchange web portal being one of the primary ways in which individuals learn about eligibility options. However, technical assessments and additional planning may reveal that this is not the most effective way perform this function and, as such, business operations housed within the Exchange would be modified accordingly. Vermont has made similar assumptions relating to the other Exchange features noted in the grant application in relation to business operations, such as eligibility determination (DVHA), quality rating systems (BISHCA), rate review (BISHCA), premium credits/cost sharing (the Exchange), and risk adjustment (BISHCA). Again, these functions may be performed by the entity named above, or may change as study reveals better solutions.

**i. Regulatory and Policy Actions**

DVHA and BISHCA intend to introduce legislation in January 2011 that will facilitate the process of developing an Exchange design. Although much planning remains to be done, we currently anticipate such legislation will define specific overarching policy goals that an Exchange design must accomplish, as well as fund a

small number of Exchange-dedicated employees to serve as the first phase in building the infrastructure. Ongoing legal analysis at BISHCA will assess what regulatory and statutory changes should be made to maximize the effectiveness of the private insurance market (including the Exchange) going forward. Some of this legislation may be proposed in 2011, but likely more of these changes will be proposed for the 2012 legislative session. Programmatic and legal analysis at DVHA will be necessary to examine current and future benefit programs, as well as how to best enhance the numerous delivery and IT health reform activities already ongoing in light of federal initiatives. Except for possibly covering some of the cost of current state employees, at this time it is not expected grant funding would be used for such analysis.

**Conclusion**

Vermont is seeking \$1 million in grant funding to support the collaborative activities identified above in order to ensure the best possible health insurance Exchange for Vermonters.



## **Budget Narrative**

Vermont seeks \$1 million in grant funding to support the following initiatives that directly relate to the project narrative above. Some of these analyses may be accomplished under one contract, while others may require separate contracts.

Road map for planning for the Exchange: Short-term contract to identify policy decisions

ANTICIPATED COST: \$70,000

Study of Uninsured and Underinsured: Contract with an outside vendor to leverage previous studies to more fully understand the uninsured and underinsured toward the goal of developing an Exchange design that is attractive to this target population.

ANTICIPATED COST: \$30,000

Formal Stakeholder Study: Contract with a vendor to conduct a series of focus groups with different interest groups to systematically measure the sentiment of these groups and the best way to design an Exchange that meets the needs of Vermonters.

ANTICIPATED COST: \$50,000.

Actuarial Services and Study Current Insurance Market: Work with a consultant to undertake a formal analysis of the current private insurance market, including modeling the impact that ACA reforms will have on that market (including modeling different potential decisions the state could make). Contract with an actuarial firm to answer specific questions about ACA impact and decisions relating to the private health insurance market (including estimated take up rates within an Exchange, the quantity and impact of grandfathered plans in the Vermont market, the premium impact of reforms, pros and cons of allowing a catastrophic health plan, the cost of state mandates, the impact on the small group market of defining “small employer” as 50 or 100 employees,

the effect of combining the small group and nongroup markets, measuring the cost of state mandates, and related questions). It is anticipated that such questions and modeling will occur on an ongoing basis as planning and decision-making occur.

ANTICIPATED COSTS: \$350,000

Assessment of Current Programs and Integration Opportunities: Hire a consultant to develop a comprehensive assessment of public programs and private coverage and identify opportunities for standardizing benefits. We may also contract to determine how best to communicate program differences to the public.

ANTICIPATED COST: \$50,000.

Formal Assessment of Churning: Contract for a study of current churn statistics and identify ways in which to minimize churning and the negative effects of frequent shifts of individuals among programs.

ANTICIPATED COST: \$30,000.

Formal Assessment of Organizational, Policy and Fiscal Implications, and Resource

Needs for Exchange: Hire a vendor to analyze Exchange organizational models, in line with state-specified goals, and assess program costs and resource needs associated with different organizational models. Such assessment should include analysis and recommendations related to sustainable financing models.

ANTICIPATED COST: \$100,000.

Financial functions: Work with a consultant to identify the pros and cons of various design options for the financial functions of the Exchange.

ANTICIPATED COSTS: \$100,000

Three FTEs: The three FTEs will be comprised of a portion of time for each staff member listed in the work plan, plus additional staff time for developing RFPs, managing contracts, tracking expenditures under the grant, and creating the required quarterly and annual grant reports.

ANTICIPATED COSTS: \$200,000.

Travel Costs: Cover the costs of state employee travel required to assist in the planning and design of an Exchange. Conferences and educational opportunities would be with the National Association of Insurance Commissioners, the National Governor's Association, the National Conference of State Legislators, HHS, and others.

ANTICIPATED COSTS: \$20,000

**Attachment B: Application Attestation**

Check as many items that apply, as appropriate. States are not required to accomplish all activities nor should this list be considered exhaustive.

1. With the Planning and Establishment Grant, the State intends to:

- X Determine needed and available staff and hire key staff
- X Determine resource needs
- X Develop a work plan and timeline for first year activities
- X Determine needed statutory, regulatory, and other administrative changes (including statutory changes that may be necessary to set up the governance structure, facilitate health plan contracting, consumer outreach, etc.)  
Conduct an initial assessment of IT systems and modifications/new systems needed to facilitate eligibility and enrollment and other Exchange functions
- X Plan the coordination of eligibility and enrollment across Medicaid, CHIP, and the Exchanges
- X Provide public notice and other stakeholder engagement activities
- X Develop a budget justification and implementation plan  
Develop performance metrics and planned milestones
- X Plan for customer services processes, including a call center

2. The State attests that it has submitted a budget narrative and justification that fully supports the activities the State intends to pursue with Planning and Establishment Grant funds:

YES \_\_\_ X \_\_\_ NO \_\_\_\_\_

3. The State has adhered to the required Format, Standard Form (SF), and Content Requirements contained in Section IV.

YES \_\_\_ X \_\_\_ NO \_\_\_\_\_

4. The State commits to submitting a draft detailed implementation plan with the final report within 90 days of the end of the project period.

YES \_\_\_ X \_\_\_ NO \_\_\_\_\_

**GOAL: Study Health Insurance Market and Current Public Programs to Inform Health Benefit Exchange Design.**

| Task or milestone   | Person responsible for ensuring task is completed  | When will this task be completed? | Comments  |
|---|--|-----------------------------------|---|
| Identify key policy decisions that must be made, the order in which such decisions must be made, and by when  | Commissioner of Department of Vermont Health Access (DVHA), Currently: Susan Besio; Deputy Commissioner Health Care Administration Division, Currently: Christine Oliver | December 2010                     | This should result in the roadmap for Exchange design.  |
| Model the impact of various ACA (or other) regulatory changes on current insurance market to assess impact on premiums, accessibility and overall market dynamics | Health Care Administration Counsel (BISHCA, Currently: Rebecca Heintz)   | February 2011                     | Sample considerations:<br>Definition of "small employer"<br>Open enrollment periods<br>Grandfathered plans<br>Catastrophic plan |
| Formal assessment of "churning" and strategies to reduce churning   | Health Care Reform Affordability Project Director (DVHA, Currently: Betsy Forrest);  | March 2011                        |   |

| Task or milestone   | Person responsible for ensuring task is completed  | When will this task be completed? | Comments   |
|---|--|-----------------------------------|--|
| In-depth study of quality and nature of insurance (or lack of insurance) coverage or other benefit programs by population and demographics. | Director of Data Analysis (BISHCA, Currently: Dian Kahn)   | March 2011                        | Will use an existing database from a 2009 household insurance survey in Vermont  |
| Assess current public and private programs and identify program integration opportunities   | Health Care Reform Affordability Project Director (DVHA, Currently: Betsy Forrest); Health Care Administration Counsel (BISHCA, Currently: Rebecca Heintz) | March 2011                        | Comparison of essential health benefits for Qualified Health Plans, benchmark coverage, and Medicaid coverage<br>Identification of most effective way to integrate application and eligibility determination process |

**GOAL: Identify Key Principles and Broad Goals in Health Benefit Exchange Design.**

| Task  | Person responsible ensuring this task is completed  | When will this task be completed?                                     | Comments |
|---|---|---|----------|
| Meet with stakeholders to assess goals and concerns relating to ACA in general and the Exchange in general                                    | Commissioner (DVHA, Currently: Susan Besio); Deputy Commissioner Health Care Administration Division, (BISHCA, Currently: Christine Oliver) | On-going through-out process  |          |
| Conduct formal focus groups to understand stakeholder goals relating to health benefit Exchange features and design                           | Commissioner DVHA, (Currently: Susan Besio); Deputy Commissioner Health Care Administration Division, (BISHCA, Currently: Christine Oliver) | March 2011  |          |
| Propose legislation authorizing the planning of the Exchange and the creation of dedicated FTEs to form a preliminary Exchange infrastructure | Commissioner (DVHA, Currently: Susan Besio); Deputy Commissioner Health Care Administration Division, Currently: Christine Oliver           | Legislation proposed January 2011 for adoption effective July 1, 2011 |          |

**GOAL: Prepare Legislation for Consideration by the 2012 Legislature to Authorize the Implementation of a Health Benefit Exchange.**

| Task or milestone  | Person responsible for ensuring task is completed   | When will this task be completed? | Comments  |
|--|---|-----------------------------------|---|
| Formal assessment of organizational models and assessment of policy and fiscal implications of such models | Commissioner (DVHA, Currently: Susan Besio);<br>Deputy Commissioner Health Care Administration Division, Currently: Christine Oliver                          | September 2011                    | It is anticipated that this assessment will be on-going throughout most of the grant funding period and the contract may include related analyses. Final product will be an Exchange design and an implementation plan for that design. |
| Identify pros and cons of various design options for the financial functions of the Exchange               | Health Care Reform Affordability Project Director (DVHA, Currently: Betsy Forrest);<br>Health Care Administration Counsel (BISHCA, Currently: Rebecca Heintz) | September 2011                    |   |
| Draft design of Exchange and model legislation, including market reforms                                   | Commissioner (DVHA, Currently: Susan Besio);<br>Deputy Commissioner Health Care Administration Division, Currently: Christine Oliver                          | September 2011                    |   |



## Office of Consumer Information and Insurance Oversight

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

#### Special Terms & Conditions Attachment B

1. **Budget and Project Period:** The project and budget period for State Planning and Establishment Grants for the Affordable Care Act's Exchanges is from September 30, 2010 through September 29, 2011. The start date for the grants is on or after September 30, 2010. No grant funds can be used for expenses incurred prior to September 30, 2010.
2. **Collaborative Responsibilities:** At the request of OCIO, Grantees may be required to participate in scheduled activities and communications to identify and share "best practices" for Exchanges, including discussion of State proposals and sharing of information via public websites. OCIO will post general summaries of the State proposals on the OCIO website. The Grantee is required to participate in all required communications (e.g., monitoring calls, guidance calls) as requested by OCIO.
3. **Personnel Changes:** The Grantee is required to notify the OCIO Project Officer and the OCIO Grants Management Officer within thirty (30) days of any personnel changes affecting the grant's Project Director, Assistant Project Director, or the Financial Officer.
4. **Funding Specifications:** All funds provided under this grant will be used by the Grantee exclusively for the State Planning and Establishment Grants for the Affordable Care Act's Exchanges as defined in Section 1311 of the Affordable Care Act and as described in the funding opportunity announcement. If the Grantee uses these funds for any purpose other than those awarded through this program (or those modifications that have the prior written approval of the OCIO Project Officer) then all funds provided under this grant may be required to be returned to the United States Treasury.
  - a. **Consumer Assistance.** States can use Exchange grant funds to conduct activities that can be funded under the Consumer Assistance Program Grants and only to the extent that there will be no duplicative Federal funding for such activities and that the activities funded meet the terms and conditions for all of grants.
  - b. **Medicaid/CHIP.** Exchange grant funds cannot be used exclusively for the modification of systems or processes solely related to Medicaid/CHIP eligibility.
  - c. **Information Technology (IT) Systems.** The funding for Exchange IT systems should come from the Exchange grant funds. The Exchange grant funds awarded under this Notice of Grant Award are intended for planning activities only and any procurement activities should not be pursued without prior approval from OCIO.
  - d. **Medical Loss Ratio (MLR).** Exchange grant funds cannot be used for the implementation of the MLR requirements of the Affordable Care Act. States can use

STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT'S EXCHANGES  
SPECIAL TERMS & CONDITIONS

Exchange grant funds for MLR activities only to the extent that such activities are related to the planning and implementation of Exchanges.

5. **Required Grant Reporting:** The templates for the Required Grant Reporting will be forthcoming.
  - a. **Quarterly Project Report.** The Grantee is required to submit four (4) Quarterly Progress Reports to the OCIO Grants Management Specialist and to the OCIO Project Officer. Quarterly Progress Reports are due within 30 days after the end of the quarter (no later than January 31, April 30, July 31, and October 31, 2011).
  - b. **Final Project Report.** The Grantee is required to submit a Final Project Report to the OCIO Grants Management Specialist, with a copy to the OCIO Project Officer, within 90 days after the project period ending date (no later than December 31, 2011).
  - c. **Public Report.** The Grantee is required to prominently post specific information about the Exchange grants on their respective Internet websites to ensure that the public has information on the use of funds.
  
6. **Required Financial Reports:** A Financial Status Report (FSR) (SF 269A – Short Form) is required from the recipient within 90 days after the end of the project period. Records of expenditures and any program income generated must be maintained in accordance with the provisions of 45 CFR 74.53 or 92.42. The Grantee will submit the FSR to the OCIO Grants Management Specialist listed on this Notice of Grant Award with a copy to the OCIO Project Officer. (The SF-269A may be accessed at the following site: [www.whitehouse.gov/omb/grants/sf269a](http://www.whitehouse.gov/omb/grants/sf269a).)

Effective January 1, 2010, Grantees are to report cash transaction data via the Payment Management System (PMS) using the Federal Financial Report (FFR or Standard Form 425) cash transaction data elements. The FFR must be filed within 30 days of the end of the quarter (instead of the 45 days allowed for filing the PSC 272). Reporting cash transaction data using the FFR replaces the use of the Federal Cash Transaction Report (SF-272/SF272A). Additional information and training are available on the Division of Payment Management website ([www.dpm.psc.gov](http://www.dpm.psc.gov)).

A Quick Reference Guide for completing the FFR in the PMS is at [www.dpm.psc.gov/grant\\_recipient/guides\\_forms/ffr\\_quick\\_reference](http://www.dpm.psc.gov/grant_recipient/guides_forms/ffr_quick_reference).

**Budgeted costs for the Exchange Grant Application  
Budget Detail**

Budget Period From: 10/1/10

|  |                                 |                                   |
|--|---------------------------------|-----------------------------------|
| <b>Salaries</b>  |                                 | subtotal \$ <u>140,109</u>        |
| <b>Fringe Benefits</b> (based on department average of 2,231,745/5,191,822 = 42.99%)<br>(includes FICA, retirement, workers' comp and health, dental & life insurance) |                                 |                                   |
| FICA   | 7.58%                           | 10,619                            |
| Health Insurance   | 17.59%                          | 24,644                            |
| Retirement   | 15.29%                          | 21,421                            |
| Dental   | 1.30%                           | 1,820                             |
| Life   | 0.40%                           | 560                               |
| Long Term Disability (LTD)   | 0.04%                           | 56                                |
| Employee Assistance Program (EAP)  | 0.05%                           | 70                                |
| Workers Compensation   | 0.50%                           | 701                               |
|  | 42.75%                          | subtotal \$ <u>59,891</u>         |
| <b>Sub-total Salaries and Fringe</b>   |                                 | subtotal \$ <u>200,000</u>        |
| <b>Travel</b>  |                                 |                                   |
| ~ In-State Travel (4 people * 1000 miles each * \$0.50 per mile)   |                                 | 2,000                             |
| ~ Out-of-State Travel (4 people * 3 conferences * \$1500 airfare&other)  |                                 | 18,000                            |
|  |                                 | subtotal \$ <u>20,000</u>         |
| <b>Equipment</b>   |                                 |                                   |
| ~ Start-up Computer Equipment Hardware and Software  | 0                               | 0                                 |
| ~ Start-up Eqpt (Desk, Chair, other)   | 0                               | 0                                 |
|  |                                 | subtotal \$ <u>-</u>              |
| <b>Supplies</b>  |                                 |                                   |
| ~ Miscellaneous Supplies   |                                 | 0                                 |
| ~ Office Supplies  | 0                               | 0                                 |
|  |                                 | subtotal \$ <u>-</u>              |
| <b>Vendor Contractual</b>  | Details (hours & rate per hour) |                                   |
| No vendors have yet been hired   |                                 |                                   |
| Master planning grant:   |                                 |                                   |
| Road Map   | \$250/hr * 280 hours            | 70,000                            |
| Study of current insurance market & recommendations for restructuring  | \$325/hr * 1077 hours           | 350,000                           |
| Assessment of Current Programs and Integration Opportunities   | \$250/hr * 200 hours            | 50,000                            |
| Formal Assessment of Churning  | \$250/hr * 120 hours            | 30,000                            |
| Formal Assessment of Organizational, Policy and Fiscal Implications  | \$250/hr * 400 hours            | 100,000                           |
| Financial Functions of Design Options  | \$250/hr * 400 hours            | 100,000                           |
| Uninsured/Underinsured Study   | \$65/hr * 461.5 hours           | 30,000                            |
| Stakeholder Study  | \$80/hr * 625 hours             | 50,000                            |
|  |                                 | 0                                 |
|  |                                 | subtotal \$ <u>780,000</u>        |
| <b>Other</b>   |                                 |                                   |
| ~ Space  | 0                               | 0                                 |
| ~ Printing & Duplicating   | 0                               | 0                                 |
| ~ Telephone  | 0                               | 0                                 |
|  |                                 | subtotal \$ <u>-</u>              |
| <b>CAP Charges</b> (based on % of personnel costs)   |                                 |                                   |
| Allocation Based on Approved Public Assistance Cost Allocation Plan  | @ 0.00%                         | subtotal \$ <u>-</u>              |
| <b>GRAND TOTAL</b>   |                                 | Total \$ <u>1,000,000</u>         |
|  | 100%                            | Federal Share \$ <u>1,000,000</u> |
|  |                                 | Non-Federal Share \$ <u>-</u>     |

**STATE OF VERMONT  
Joint Fiscal Committee Review  
Limited Service - Grant Funded  
Position Request Form**

This form is to be used by agencies and departments when additional grant funded positions are being requested. Review and approval by the Department of Human Resources must be obtained prior to review by the Department of Finance and Management. The Department of Finance will forward requests to the Joint Fiscal Office for JFC review. A Request for Classification Review Form (RFR) and an updated organizational chart showing to whom the new position(s) would report must be attached to this form. Please attach additional pages as necessary to provide enough detail.

Agency/Department: AHS/DVHA Date: October 18, 2010

Name and Phone (of the person completing this request): Kate Jones, 879-8256

Request is for:

- Positions funded and attached to a new grant.  
 Positions funded and attached to an existing grant approved by JFO # \_\_\_\_\_

1. Name of Granting Agency, Title of Grant, Grant Funding Detail (attach grant documents):

Office of Consumer Information and Insurance Oversight - U.S. Department of Health and Human Services, State Planning and Establishment Grants for the Affordable Care Act's Exchange

2. List below titles, number of positions in each title, program area, and limited service end date (information should be based on grant award and should match information provided on the RFR) position(s) will be established only after JFC final approval:

| <u>Title* of Position(s) Requested</u> | <u># of Positions</u> | <u>Division/Program</u> | <u>Grant Funding Period/Anticipated End Date</u> |
|--|-----------------------|-------------------------|--|
| Grants Management Specialist           | 1                     | Health Care Reform      | 10/1/2010 - 9/30/2011 / 9/30/2011                |

\*Final determination of title and pay grade to be made by the Department of Human Resources Classification Division upon submission and review of Request for Classification Review.

3. Justification for this request as an essential grant program need:

The purpose of this grant is to carry out the mandates set forth by the Affordable Care Act by expanding insurance coverage to provide more health care choices, to enhance the quality of health care, hold insurance companies more accountable and lower health care costs. The Grants Management Specialist will be responsible for compliance, financial monitoring and reporting of activities as related to the federal grant award on behalf of DVHA.

I certify that this information is correct and that necessary funding, space and equipment for the above position(s) are available (required by 32 VSA Sec. 5(b)).

[Signature] \_\_\_\_\_ Date 10/19/10  
Signature of Agency or Department Head

[Signature] \_\_\_\_\_ Date 10/22/10  
Approved/Denied by Department of Human Resources

[Signature] \_\_\_\_\_ Date 10/24/10  
Approved/Denied by Secretary of Administration

[Signature] \_\_\_\_\_ Date 10/25/10  
Approved/Denied by Finance + Management

Comments:

**Request for Classification Action**  
**New or Vacant Positions**  
**EXISTING Job Class/Title ONLY**  
**Position Description Form C/Notice of Action**  
**For Department of Personnel Use Only**

|   |  |
|---|--|
| Notice of Action # <u>11-730170-H</u>   | Date Received (Stamp)                          |
| Action Taken: <u>Allocation</u>   | <b>RECEIVED</b><br>OCT 22 2010<br>BY DHR       |
| New Job Title <u>Grants Management Spec</u>   |  |
| Current Class Code _____ New Class Code <u>049601</u>   |  |
| Current Pay Grade _____ New Pay Grade <u>23</u>   |  |
| Current Mgt Level _____ B/U _____ OT Cat. _____ EEO Cat. _____ FLSA _____                                     |  |
| New Mgt Level _____ B/U _____ OT Cat. _____ EEO Cat. <u>2</u> FLSA <u>P</u>                                   |  |
| Classification Analyst <u>Tammy Elson</u> Date <u>10/22/10</u>  | Effective Date: <u>10/10/10</u>                |
| Comments:   | Date Processed: <u>For Recruitment Purpose</u> |
| Willis Rating/Components: Knowledge & Skills: <u>212</u> Mental Demands: <u>92</u> Accountability: <u>106</u> |  |
| Working Conditions: <u>U A O</u> Total: <u>410</u>  |  |

**Position Information:**

Incumbent: **Vacant or New Position**

Position Number: N/A Current Job/Class Title: Grants Management Specialist

Agency/Department/Unit: AHS/DVHA/Business Office GUC: 73035

Pay Group: 73Z Work Station: Williston Zip Code: 05495

Position Type:  Permanent  Limited Service (end date) Unknown - 9/30/11

Funding Source:  Core  Sponsored  Partnership. For Partnership positions provide the funding breakdown (% General Fund, % Federal, etc.) 100% Federal

Supervisor's Name, Title and Phone Number: Kate Jones, Financial Manager II 879-8256

**Check the type of request (new or vacant position) and complete the appropriate section.**

**New Position(s):**

a. REQUIRED: Allocation requested: Existing Class Code 049601 Existing Job/Class Title: Grants Management Specialist

b. Position authorized by:

- Joint Fiscal Office – JFO #  Approval Date:
- Legislature – Provide statutory citation (e.g. Act XX, Section XXX(x), XXXX session)
- Other (explain) -- Provide statutory citation if appropriate.

**Vacant Position:**

- a. Position Number:
- b. Date position became vacant:
- c. Current Job/Class Code:  Current Job/Class Title:
- d. REQUIRED: Requested (existing) Job/Class Code:  Requested (existing) Job/Class Title:
- e. Are there any other changes to this position; for example: change of supervisor, GUC, work station? Yes  No  If Yes, please provide detailed information:

**For All Requests:**

1. List the anticipated job duties and expectations; include all major job duties:

Exchange Fund Accounting/Administration:

- Prepare and analyze monthly financial reports for the Exchange Fund, including expenditure rates, expenditure trends, anticipated financial problems and opportunities.
- Prepare monthly financial reports involving a complex mix of invoice and expenditures.
- Manage the Exchange Fund accounts receivable process, including production of quarterly invoices and accounts receivable collection

Grant Financial (non-programmatic) Duties:

- Outreach to subrecipient regarding resolution of financial issues
- Monitor and report on the financial status of the grant appropriations and expenditures, responsible for taking corrective action in the event of increased program costs and changing regulations.
- Maintain various accounting systems encompassing a wide variety of income and expenditure accounts utilizing detailed, formula-driven spreadsheets.
- Ensure compliance with appropriate financial laws, regulation and procedures.
- Prepare grant budgets based upon information, data and guidelines provided for under grant requirements
- Prepare financial grant reporting components to be included with overall grant reporting to OCIIIO (quarterly and annual Federal financial reports)
- Prepare contract agreements between DVHA and Contractors

2. Provide a brief justification/explanation of this request:  In an effort to meet the reporting requirements attached the State Planning and Establishment Grants for the Affordable Care Act's Exchange DVHA will need this position. Noncompliance with these requirements could jeopardize our funding through this important federal program.

3. If the position will be supervisory, please list the names and titles of all classified employees reporting to this position (this information should be identified on the organizational chart as well). Not supervisory

**Personnel Administrator's Section:**

4. If the requested class title is part of a job series or career ladder, will the position be recruited at different levels? Yes  No

5. The name and title of the person who completed this form: Kate Jones, Financial Manager II

6. Who should be contacted if there are questions about this position (provide name and phone number):  
Kate Jones, 879-8256

7. How many other positions are allocated to the requested class title in the department: 0

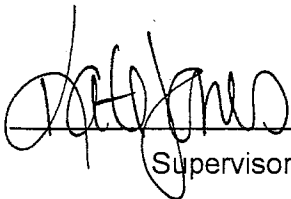
8. Will this change (new position added/change to vacant position) affect other positions within the organization? (For example, will this have an impact on the supervisor's management level designation; will duties be shifted within the unit requiring review of other positions; or are there other issues relevant to the classification process.) No

**Attachments:**

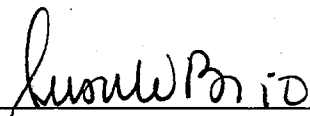
- Organizational charts are **required** and must indicate where the position reports.
- Class specification (optional).
- For new positions, include copies of the language authorizing the position, or any other information that would help us better understand the program, the need for the position, etc.
- Other supporting documentation such as memos regarding department reorganization, or further explanation regarding the need to reallocate a vacancy (if appropriate).

\_\_\_\_\_  
Personnel Administrator's Signature (required)\*

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Supervisor's Signature (required)\*

10/18/2010  
\_\_\_\_\_  
Date

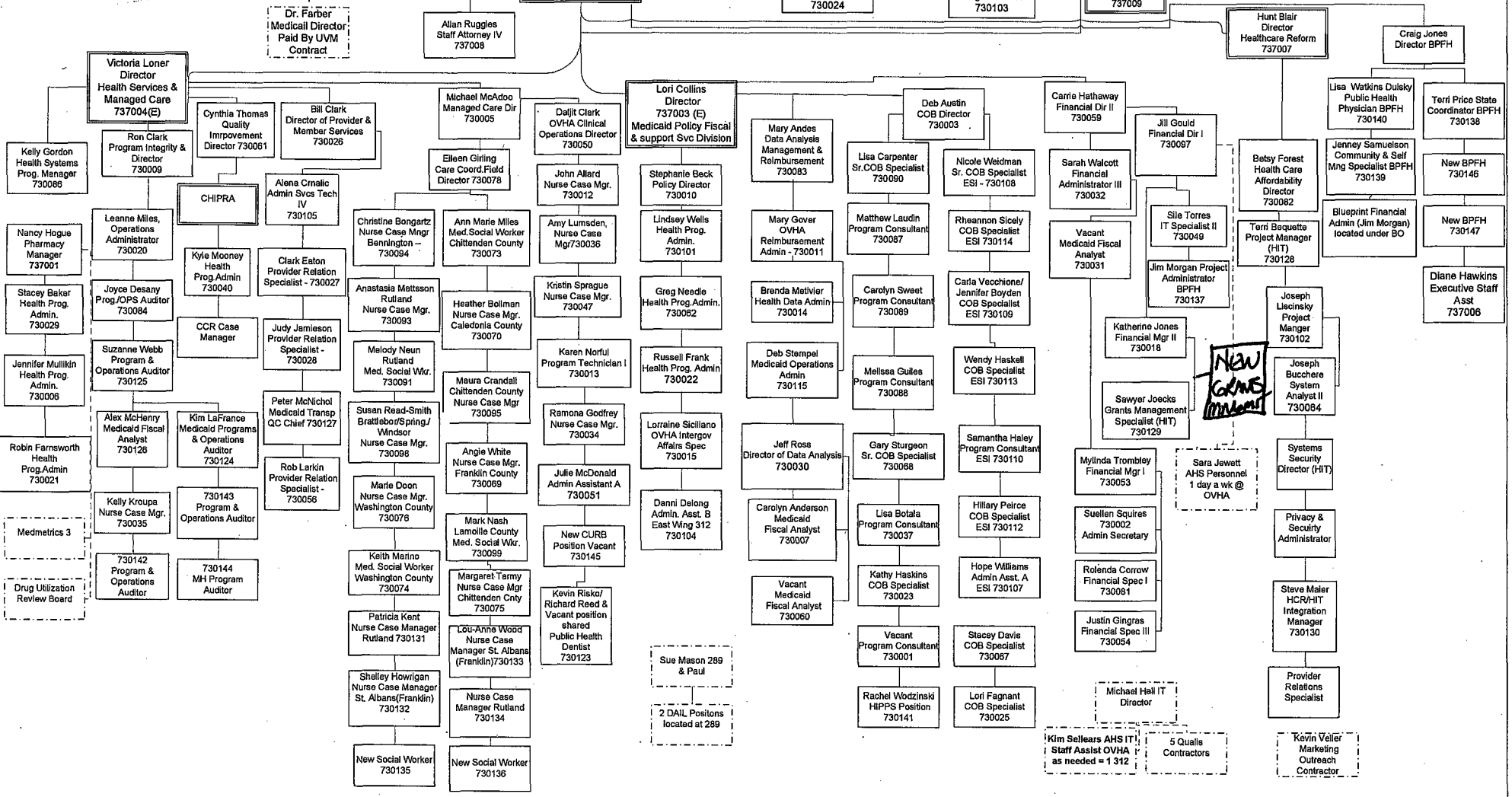
  
\_\_\_\_\_  
Appointing Authority or Authorized Representative Signature (required)\*

10/19/10  
\_\_\_\_\_  
Date

\* Note: Attach additional information or comments if appropriate.



Department of Vermont  
Health Access  
October 12, 2010



**Ellison, Tammie**

---

**From:** Gould, Jill [Jill.Gould@ahs.state.vt.us]  
**Sent:** Friday, October 22, 2010 9:59 AM  
**To:** Ellison, Tammie  
**Subject:** ACA grant RFR

Tammie,

So sorry - the govunit code for this ACA funded position is 73035

Jill Gould  
Department of Vermont Health Access (DVHA)  
312 Hurricane Lane  
Williston, VT 05495-2087  
[jill.gould@ahs.state.vt.us](mailto:jill.gould@ahs.state.vt.us)  
802-879-8240

"This email message may contain privileged and/or confidential information. If you are not the intended recipient(s), you are hereby notified that any dissemination, distribution, or copying of this email message is strictly prohibited. If you have received this message in error, please immediately notify the sender and delete this email message from your computer.

CAUTION: The Agency of Human Services / DVHA cannot ensure the confidentiality or security of email transmissions."

Department of Human Resources  
Recruitment & Classification Division  
144 State Street  
Montpelier, Vermont 05602

Notice of Classification Action  
To Create a Position

To: Susan Besio, Commissioner

Through: Jeff Theis

From: Tammie Ellison, Classification Analyst

*Tammie Ellison*

Re: Notice of Action Number: 11-730170-H  
Primary Action Taken: Create Position 730170  
Effective Date: 10/10/2010

Results in the following designations:

|                      |                                |
|----------------------|--------------------------------|
| Agency/Department    | Department of VT Health Access |
| Position Number      | 730170                         |
| Title                | Grants Management Specialist   |
| Class Code           | 049601                         |
| Pay Grade            | 23                             |
| Management Level     | N                              |
| Confidential Status  | N                              |
| Bargaining Unit      | 01                             |
| FLSA Status          | A                              |
| EEO Designation      | 2                              |
| Overtime Category    | 17                             |
| Government Unit Code | 73035                          |
| Work Station         | 05495                          |
| Position Status      | Limited                        |
| Funding Source       | N/A                            |

Comments:

Position associated with Affordable Care Act, (ACA Grant) and created in anticipation of JFC approval. Position end date 09 30 2011

CC: VSEA

BT