

Office of Consumer Information and Insurance Oversight

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

Final Project Report

Date: Aug. 30, 2012

State: North Dakota

Project Title: State Planning and Establishment Grants for the Affordable Care Act's Exchanges

Grant Contact Information

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Project Detail

The overall goals of the original grant request were to explore the options for a state or federally-facilitated Health Benefit Exchange. The grant application discussed multiple opportunities for contracted entities to assist the Department in the analysis as well as providing for various funding for stakeholder activities and travel expenses for staff working on the Exchange project.

The Department was denied the appropriation to use the funds prior to the legislative session. In the 2011 regular legislative session the Department was given the ability to expend the funds through H.B. 1126. The appropriation became available July 1, 2011.

In May 2011, the Department led the formation of a Health Benefit Exchange (HBE) Interagency Planning Committee consisting of the North Dakota Insurance Department (NDID), the North Dakota Department of Human Services (DHS) and the North Dakota Information Technology Department (ITD). Eventually, the North Dakota Governor's Office and the North Dakota Office of Management and Budget (OMB) joined the committee as well. These agencies met weekly through the spring, summer and fall. The committee continues to meet weekly to focus on the upgrade to the Medicaid eligibility information technology system in the DHS. The other Departments meet on a monthly or as needed basis with the core group.

The Insurance Department issued a Request for Proposal (RFP) July 18, 2011 to hire a consultant to provide Exchange research and planning services for the State of North Dakota. The intent of the contract was to provide research and analysis on Exchange governance options, the state's uninsured population, the state's insurance marketplace, Exchange financial modeling, and communication and outreach, with the ultimate goal of recommending a viable plan for developing and sustaining a Health Benefit Exchange in North Dakota. The contract was awarded to HTMS on Aug. 19, 2011.

HTMS conducted demographic research, statistical modelling and interviews with stakeholders. The final report provided for the various options available to the State of North Dakota in Exchange facilitation, design, high-level cost estimates and specific direction as to outreach and education. HTMS provided its final report Dec. 2, 2011.

The Insurance Department contracted with Odney Advertising in August 2011 to conduct statewide Exchange stakeholder meetings. Eleven meetings were held in four cities. Meetings were broken down by stakeholder groups to facilitate meaningful discussions. A subject matter expert was present at each meeting to answer questions. Odney Advertising received \$23,587.50 for its services.

The Insurance Department also allocated \$10,000 of its Exchange planning grant funds to a staff member of the North Dakota Information Technology Department to research design and cost of building the Exchange and some ongoing costs to run an Exchange in the state. Results of that study were used for the final HTMS report and were provided to the Legislature.

Throughout the period of the grant, the HBE Interagency Planning Committee members met frequently with the Health Care Reform Review interim legislative committee. Agencies were asked to report on health care reform activities and other state's activities. The National Association of Insurance Commissioner's model law for Exchanges was reviewed.

In September 2011, Rebecca Ternes attended the CCIIO State Exchange Grantee meeting in Arlington, Va. Expenses were paid with grant funds.

In November 2011, the North Dakota Legislature met for a special legislative session. H.B. 1474 was brought forward by the Health Care Reform Review Committee. It was a revised version of the NAIC model law and placed the Exchange under the management of OMB. It was defeated in the first House. H.B. 1475 was passed which provided for the information technology upgrade of the Medicaid eligibility system in DHS, which was considered necessary for the Exchange to function, whether state or federally run.

The Insurance Department proposes transferring the remainder of the planning grant funds to the North Dakota Department of Human Services. The amount unobligated is \$768,022.27. This will allow DHS to continue to plan and develop the tools necessary for a one-stop eligibility system for Medicaid and the Exchange.

There were some challenges during the grant period. Although the Department received its grant Sept. 30, 2010, it did not receive legislative authority to spend funds until July 1, 2011. The Department had a very small window of time to perform the expected functions originally proposed in the grant application. The decision to not pass a law directing the state's agencies to develop a state-run Exchange leaves North Dakota's focus on ensuring that the Medicaid eligibility system is improved to ensure a seamless experience for its citizens in the Exchange.

The Department anxiously awaits final guidance on Exchanges and other aspects of health care reform so that it can advise its leadership in any additional statutory changes that may be needed.

Core Areas

- **Background Research.** The Insurance Department contracted with HTMS to research Exchange governance options, financial modelling and other components of an Exchange. Additionally, a portion of funds were paid to the Information Technology Department to research the cost of building and maintaining a state-based Exchange.
- **Stakeholder Involvement.** The Department sent regular updates via email to stakeholders, including insurers, health care providers, consumer groups, insurance producers, employers and government entities. Updates included information about legislative activities, bill drafts, HTMS' work and other activities surrounding health care reform and Exchanges.

As part of its research, HTMS reached out to state officials, legislators, health insurers doing business in the state, small employers and consumers to gather input on a variety of Exchange-related issues, including governance, risk selection, the role of agents/brokers in the Exchange, choice of products, product design, market growth, Exchange services, benefit levels, online purchasing and more. These conversations revealed a wide variety of results and are detailed in HTMS' [final report](#).

Additionally, the Insurance Department contracted with Odney Advertising in August 2011 to conduct a series of stakeholder meetings. Meetings were held in four major cities and were broken into separate meetings for insurance producers, insurers and health care providers. The fourth group consisted of consumers, government representatives and employers. Odney's stakeholder meeting report can be found [here](#).

The Insurance Department reached out to Native American leaders to discuss the Exchange and its impact on the state's Native American population. Rebecca Ternes gave a brief overview of the Exchange to the Tribal and State Relations committee and also met with the North Dakota Indian Affairs Commission executive director and a group of tribal leaders from around the state to discuss the Exchange. These interactions revealed that the Native American community was just learning about the impacts an Exchange could have on their communities, sparking an interest in becoming more involved.

The Insurance Commissioner, Deputy and other staff presented information to a variety of large and small groups throughout the grant timeframe. The Department was able to provide education on health care reform and the Exchange as well as receive input from a broad range of stakeholders.

- **Program Integration.** In 2011, the Insurance Department met weekly with representatives of the North Dakota Medicaid division, as well as with representatives from the Information Technology Department, to discuss Exchange-related issues and share progress through the HBE Interagency Planning Committee.
- **Governance.** The North Dakota Legislative Assembly held a special session in November 2011. A bill that would have established a state-run Exchange ([HB 1474](#)) failed to pass the House.
- **Regulatory or Policy Actions.** The North Dakota Legislative Assembly passed [House Bill 1126](#), granting the Insurance Department permission to spend the grant funds beginning July 1, 2011. The bill also directed the state to plan for the establishment of a state-based Exchange.

The North Dakota Legislative Assembly held a special session Nov. 7-11, 2011. A bill that would have established a state-run Exchange ([HB 1474](#)) failed to pass the House.

Final Evaluation Report

HTMS conducted demographic research, statistical modelling and interviews with stakeholders. The final report provided for the various options in Exchange facilitation, design, high-level cost estimates and specific direction as to outreach and education.

Odney Advertising conducted statewide Exchange stakeholder meetings. Eleven meetings were held in four cities. Meetings were broken down by stakeholder groups to facilitate meaningful discussions.

The North Dakota Information Technology Department researched design and cost of building the Exchange and some ongoing costs to run an Exchange in the state.

All three reports were provided to the Legislature for deliberation during the special session.

The Insurance Department is transferring the remainder of the planning grant funds to the North Dakota Department of Human Services.

Exchange Deliverables

- [HTMS final report](#)
- [Odney Advertising stakeholder report](#)
- News release: [Hamm encourages consumers to share opinions about health insurance Exchange in North Dakota](#)
- News release: [The State of North Dakota wants your input on developing a Health Benefit Exchange](#)
- [Legislative committee testimony and bills](#)