ISSUE BRIEF
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How are states building the technology to support health care reform?

Takeaways:

- The ACA provides states with a once-in-a-generation opportunity to improve health and human services technology infrastructures.

- Technology development is perhaps the most complicated and resource-intensive activity required of states seeking to operate state based exchanges in 2014.

- For states evaluating the information technology needed for the ACA, collaboration with "Early Innovator" states and coordination with the federal government is crucial.

Overview

The June 2012 Supreme Court decision upheld the constitutionality of the Affordable Care Act (ACA), including the creation of state-based health insurance exchanges and requirements for state Medicaid agencies to provide a seamless, streamlined and technology-enabled experience within the exchanges. To successfully implement health reform, states will need to develop information technology (IT) systems that securely provide consumers with answers about their eligibility for public health insurance benefits or tax subsidies, and enhance their ability to enroll in health insurance coverage.

ACA'S IT REQUIREMENTS: OPPORTUNITIES AND CHALLENGES

States have a number of options for exchange implementation. These include (1) establishing and operating their own; (2) operating an exchange in partnership with the federal government; or (3) defaulting to a federally facilitated exchange run by the federal government. The goal of the ACA is to establish a single integrated process to help consumers determine eligibility for and facilitate enrollment in federal subsidies and public programs.

States seeking to operate an exchange or a partnership exchange have until Nov. 16, 2012, to submit an Exchange Blueprint for the Jan. 1, 2013, deadline. Specifically, states need to attest that their "technology and system functionality complies with relevant HHS information technology guidance."

The ACA and supporting federal funding sources offer opportunities for states to update legacy Medicaid/CHIP eligibility systems, improve newer systems and create easy-to-use exchanges. There are also opportunities to align these efforts with state Health Information Exchange efforts—sharing health care information electronically across organizations and systems—by leveraging shared technology services including security, identity management and master data management.

To support implementation, the Center for Consumer Information & Insurance Oversight (CCIIO) has provided substantial funding to "Early Innovator" states to jumpstart and share technology developments with other states. In addition, the federal government has provided extensive federal grants to all states to build exchanges—including Planning Grants and Establishment Grants. Furthermore, states can be reimbursed for up to 90 percent of costs through the Implementation Advanced Planning Document (APD) process.

State-by-State Progress on Exchanges

Exchange Establishment Grant Only (7)
Approved APD Only (14)
Exchange Establishment Grant and Approved APD (27 + DC)
— Early Innovator Grant (12)

source:*http://commed.umassmed.edu/sites/commed.umassmed.edu/files/NASI%20HIX%20 Paper%20Sept%202012_Final.pdf*

Creating exchanges and/or modernized Medicaid and CHIP eligibility systems is a major IT undertaking for states and the federal government, as many states today are using technologies that have long been retired in the private sector. States will need to create new interfaces with state data sources and ensure interactions meet security regulations.

INSIGHTS FROM EARLY INNOVATORS

The states that have already made significant progress in designing and developing exchanges and modernizing Medicaid/CHIP systems have yielded valuable insights and lessons learned, including:

- **Agree on a vision, strategy and realistic plan for IT development.** The advanced states all stress the importance of coming to a shared, high-level vision for their IT systems that complements the governance, policy and programmatic needs of the state. States must also assess their ability to meet the 2014 deadline: those that cannot meet this deadline can choose the "partnership-model" with the federal government on the path to eventual certification as a state-based exchange.

- **Assess internal and external resources.** Advanced states began their development process by carefully examining the capabilities of existing IT systems—especially those in need of extensive

updates or complete replacement—and the ability of current staff to create and/or oversees the IT systems necessary to implement health reform.

- **Navigate policy and technology integration between an exchange and Medicaid/CHIP.** Technology development is one of the most significant challenges and an immediate priority for states. Most states interviewed have focused their initial efforts on the integration of eligibility and enrollment functions between the exchange and Medicaid/CHIP systems.

- **Leverage federal resources, reuse technologies and participate in multi-state collaboratives.** States are encouraged to share and reuse technologies at all levels—for example, by forming multi-state collaboratives so several states might share in the development, deployment, and system-hosting costs.

- **States must move swiftly to meet deadlines.** Continuous and fast-paced progress is needed to meet the critical milestones for 2014.

CONCLUSION

Interviews with states have confirmed that meeting the technical challenges and deadlines for establishing ACA-compliant IT systems provides unique opportunities as well as significant challenges. Regardless of the approach, states would be well advised to seek out the Early Innovators and other states more advanced in their planning to ask about lessons learned, to share best practices, artifacts and products, and to explore opportunities for accelerating their own implementation efforts and to better control short and long-term operational costs.

Adapted from M. Tutty and J. Himmelstein's report, "Establishing the Technology Infrastructure for Health Insurance Exchanges Under the Affordable Care Act" September 2012. michael.tutty@umassmed.edu

WANT TO KNOW MORE?

- *Establishing the Technology Infrastructure for Health Insurance Exchanges Under the Affordable Care Act*

- *Designing an Exchange: A Toolkit for State Policymakers*