MISSISSIPPI INSURANCE DEPARTMENT

MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of Insurance

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MAILING ADDRESS
Post Office Box 79
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June 29, 2011

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

re: Mississippi's application for *Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges*

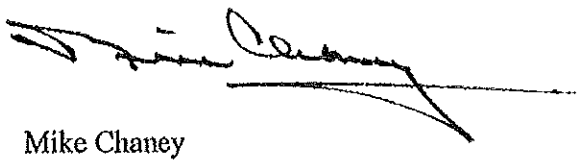
Dear Secretary Sebelius:

Attached please find the Mississippi Insurance Department's ("MID") application for Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges. Aaron Sisk shall serve as the Program Director for the Mississippi Health Benefit Exchange Establishment Program should the aforementioned grant be awarded to MID. Aaron may be reached via telephone at (601) 359-3569 or via email at Aaron.Sisk@mid.state.ms.us.

Mississippi is committed to a State-based Exchange that is tailored to the unique needs of the State. An award of the aforementioned agreement would be crucial to the establishment of a health benefit Exchange in Mississippi prior to the January 1, 2013 deadline.

Thank you for your consideration of Mississippi's grant application and please do not hesitate to contact me should you have any questions or concerns.

Sincerely,



Mike Chaney
Commissioner of Insurance

SECTION B

MISSISSIPPI
REQUIRED LETTERS OF SUPPORT

STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR

HALEY BARBOUR
GOVERNOR

June 29, 2011

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

Dear Secretary Sebelius:

I do hereby designate the Mississippi Insurance Department as the appropriate and proper entity and Mississippi Insurance Commissioner Mike Chaney as the appropriate and proper authority to apply for grant funding on behalf of the State of Mississippi pursuant to the Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges. I am in support of a state-based exchange for Mississippi that is tailored to the unique needs of our State.

I have supported establishing an insurance exchange targeting small businesses since 2008. The exchange is a market-based, consumer-driven health insurance exchange governed by a non-profit entity. A Mississippi state-based exchange would focus on small businesses and individuals, be voluntary and would allow individuals to choose the insurance plan that bests suits their needs by taking advantage of pooled purchasing power. Purchasing insurance through a define contribution health-insurance market ensures portability and fosters choice, competition and value.

It is imperative HHS provide states with the flexibility to create their own unique exchange. An exchange which imposes new regulations, administers new subsides, standardizes coverage and restricts consumer choice and insurer competition will be detrimental to an already fragile insurance market. Preserving state authority and creating a Mississippi, state-based exchange which empowers consumers and reduces risk to employers has been and continues to be my priority.

I support and endorse Commissioner Mike Chaney and the Mississippi Insurance Department's grant application. Thank you for your consideration.

Sincerely,

Haley Barbour

STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR
DIVISION OF MEDICAID
DR. ROBERT L. ROBINSON
EXECUTIVE DIRECTOR

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

Monday, June 20, 2011

Dear Secretary Sebelius:

I support and endorse Commissioner Mike Chaney and the Mississippi Insurance Department's grant application issued pursuant to the Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges. As the Director of the Mississippi Division of Medicaid, I agree to collaborate with the Exchange in developing shared functionalities and ensuring coordinated approaches to shared or related functions. I foresee eligibility determination and enrollment as some of the most challenging issues facing the Exchange and Medicaid and agree to work with the Exchange and other appropriate State agencies to facilitate integration between the entities on said issues.

If you have any questions regarding the content of this letter, please contact Rita Rutland (601-576-4147) of my staff for assistance.

Sincerely,

Robert L. Robinson
Executive Director

MISSISSIPPI INSURANCE DEPARTMENT

MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of Insurance

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June 29, 2011

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

re: Letter of Agreement to work with Mississippi's Exchange

Dear Secretary Sebelius:

On May 16, 2011, the Mississippi Comprehensive Health Insurance Risk Pool Association ("Association") Board of Directors adopted a resolution to establish and operate an Exchange in Mississippi. The purpose of the Association is, among other things, to establish a mechanism to allow for a health insurance program to deliver coverage to those citizens of Mississippi who desire to obtain or continue health insurance coverage under any state or federal program designed to enable persons to obtain or maintain health insurance coverage. I am in support of a State-based Exchange for Mississippi that is tailored to the unique needs of our State and look forward to collaborating with the Association to implement the Exchange.

With the Association's infrastructure, expertise, and exceptional record of providing health coverage to Mississippians, I am confident that it is the appropriate and proper platform to establish and operate Mississippi's Exchange.

Thank you for your consideration of Mississippi's grant application and please do not hesitate to contact me should you have any questions or concerns.

Sincerely,

Mike Chaney
Commissioner of Insurance

D. PROJECT ABSTRACT

Application title:	Mississippi's Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges
Applicant:	Mississippi Insurance Department
Funding opportunity number:	IE-HBE-11-004
Project Director:	Aaron Sisk
Address:	501 North West Street, Suite 1001, Jackson, MS 39201
Congressional district(s) served:	State of Mississippi
Project Director phone and fax numbers:	601-359- 3569: 601-359-2474
Email address:	aaron.sisk@mid.state.ms.us
Organizational Website address:	www.mid.state.ms.us
Category of Funding:	Level I
Projected date for project completion:	August 30, 2012

The Mississippi Insurance Department's ("MID") mission is to *impartially and fairly enforce the laws and regulations enumerated in Miss. Code Ann., § 83-1-1, et. seq., thereby creating a competitive marketplace for the sale of insurance products and services while providing the State's citizens with the maximum amount of consumer protection.* As the regulatory authority over all health insurance policies sold in the State of Mississippi and because MID will have integral involvement with the Exchange, MID is applying for a Level One Establishment Grant from the United States Department of Health and Human Services ("HHS") to further its planning for the establishment of a state-operated health benefit Exchange.

Mississippi has a total population of 2,951,996 persons. Of this population, 532,993 are currently uninsured. Mississippi's Exchange will serve an extremely diverse audience as the needs of Mississippians differ by region, ethnicity, and socioeconomic status. Fifty-five percent (55%) of the state's residents live in rural areas and the State ranks last in the United States in the percentage of people who use the Internet inside or outside of the home. Despite these challenges, Mississippi will use the awarded grant funds to meet the following program objectives:

A: Exchange Establishment Core Areas: Mississippi will use the requested funds to perform activities intended to allow the Exchange to meet, at a minimum, the required Exchange Establishment core areas.

B: Demonstrating Progress Toward Milestones: Mississippi will establish well defined milestones, organized under each of the aforesaid core areas, to be met by the Exchange. Please see the Work Plan attached hereto as Section E.

C: Early Deliverables: In order to be certified by HHS by January 1, 2013, Mississippi is committed to carry out the activities required to establish a health benefit exchange on an expedited schedule. MID has completed research regarding the existing health insurance market in the State and will use this research to create a market driven state-based Exchange with a web portal geared toward consumers. Mississippi will conduct an extensive public education and outreach program to inform consumers about access to health insurance through the Exchange. MID will continue to coordinate with Medicaid, CHIP and other appropriate programs regarding eligibility determination and other Exchange activities.

D: Providing Assistance to Individuals and Small Business, Coverage of Appeals and Complaints: Providing assistance to individuals and small businesses is a priority and an essential element of a well-functioning Exchange. Mississippi will utilize grant funds to provide assistance to individuals and small businesses through existing consumer assistance programs. A navigator program will be developed and integrated into Exchange operations to assist consumers in their interactions with the Exchange.

E: Exchange Certification: Mississippi will develop a highly functioning and sustainable Exchange and will work with HHS toward certification of that Exchange by January 1, 2013. MID will show progress in the establishment of a state-operated Exchange based on timely completion of each milestone in the proposed work plan.

E. PROJECT NARRATIVE

On March 23, 2010, the President signed into law the Patient Protection and Affordable Care Act. On March 30, 2010, the Health Care and Education Reconciliation Act of 2010 was signed into law. These laws, collectively referred to as the Affordable Care Act ("PPACA"), include provisions that allow each state the flexibility and opportunity to establish a Health Benefit Exchange ("Exchange") by January 1, 2014, that will facilitate the purchase of qualified health plans for individuals and provide for the establishment of a small employer health benefit Exchange designed to assist qualified employers in facilitating the enrollment of their employees in qualified health plans.

A. Demonstration of Past Progress in Exchange Planning Core Areas

On September 30, 2010, the Mississippi Insurance Department ("MID") received a Health Insurance Exchange Planning Grant to plan for and ultimately establish an Exchange. To date, the following Exchange planning activities have been conducted or are currently underway in the following core areas:

I. Background Research

MID completed in-depth research on the health insurance market in Mississippi during the Exchange planning phase. Two reports were developed to provide MID with demographic, social, and economic information for all counties and select cities in the state, as well as the economic situation in each county and sixteen select cities. This information provides a picture of the possible challenges Mississippi will face in each area as it informs, educates, and ultimately enrolls individuals in an Exchange. Mississippi's Exchange will serve an extremely diverse audience as the needs of Mississippians differ by region, ethnicity, and socioeconomic status. Mississippi has a total population of 2,951,996 persons, with 532,993 of these currently

uninsured. The percentage of Mississippi's population living in poverty is much higher than the national average of 13.5%.

Family Income	Uninsured Count	Uninsured Percentage	MS Total Count	MS Total Percentage
Up to $15,000	92,460	17%	345,049	12%
$15,000 to $24,999	78,903	15%	300,423	10%
$25,000 to $34,999	56,965	11%	268,959	9%
$35,000 to $49,999	69,640	13%	372,288	13%
$50,000 to $74,999	69,479	13%	480,426	16%
$75,000 to $99,999	29,171	5%	311,765	11%
$100,000 to $149,999	13,774	3%	243,535	8%
$150,000 or more	6,646	1%	123,061	4%
Unknown	115,955	22%	506,490	17%
Grand Total	**532,993**		**2,951,996**	

MID will use this data to develop education and implementation strategies specific to certain areas of the State, supporting the establishment of an Exchange that meets the objectives of the State and the needs of Mississippi residents. The aforesaid reports are attached hereto as Appendix "D" and Appendix "E". MID will use these reports along with other background research in the Exchange planning process.

II. Stakeholder Consultation

Early on, MID placed an emphasis on stakeholder involvement to ensure participation during the Exchange planning and implementation process. MID has developed partnerships with various stakeholders and gained a vast array of public input. MID hosted a "Stakeholders' Summit" in December 2010 with over 100 participants, including, representatives from the Health Insurance Exchange Study Committee created by Mississippi Legislation in 2010 (Senate Bill 2554) , members of State health agencies, health insurance companies, business groups, and various health providers and associations. The Governor, Lt. Governor and members of the Mississippi Legislature were also in attendance. MID and its consultants have conducted several legislative meetings and presentations to inform key legislators about healthcare reform and

exchanges. Four small group sessions were held in January 2011 over a two-day period to inform State leaders and other stakeholders as to current national issues concerning exchanges and to gain their input regarding their vision for an Exchange for Mississippi. The Governor's Office, Medicaid staff, MID leaders, Hospital and Medical Association representatives, business community leaders, independent insurance agents, and representatives from Blue Cross-Blue Shield, United HealthCare, Magnolia Health, and the Mississippi Underwriters Association all provided their views and concerns regarding an Exchange.

Over sixty individual stakeholder interviews and, most recently, thirteen town hall meetings have been conducted throughout the State. This stakeholder engagement has been invaluable as Mississippi plans to create a market driven state-based Exchange with a web portal geared toward its consumers. The Executive Summary of the Mississippi Health Benefit Exchange Report highlighting recommendations from the stakeholders is provided hereto as Appendix "C".

III. State Legislative/Regulatory Actions

The Mississippi Comprehensive Health Insurance Risk Pool Association ("Association"), a nonprofit legal entity, was created by the Mississippi Legislature in 1991. As a result of the Association's infrastructure, expertise and exceptional record of providing health coverage to the citizens of this State, Mississippi believes that the Association is the logical platform for launching and running Mississippi's Exchange. The enabling legislation for the Association is found in Mississippi Code Annotated 83-9-201 *et.seq.*, 1972 as amended. The legislative purpose of the Association is, among other things, to establish a mechanism to allow the availability of a health insurance program and to allow the availability of health insurance coverage to those citizens of Mississippi, who desire to obtain or continue health insurance coverage under any state or federal program designed to enable persons to obtain or maintain health insurance coverage. The statutory authority of the Association includes serving as a

mechanism to provide health and accident insurance coverage to citizens of this state under any state or federal program designed to enable persons to obtain or maintain health insurance coverage. Legal counsel to the Association, as well as outside legal counsel to the Mississippi Commissioner of Insurance, issued written legal opinions that the Association has the authority to establish and operate an Exchange in Mississippi. The Association adopted initial amendments to its Amended and Restated Articles, Bylaws and Operating Rules approving the establishment and operation of a Mississippi Exchange and the Commissioner approved the amendments. A copy of the amendment, along with a complete copy of the Association's Amended and Restated Articles, Bylaws and Operating Rules, are attached hereto as Appendix "A."

IV. Governance

Special consideration has been given to ensure that the governance of the Exchange is guided by appropriate board members that possess the knowledge and experience necessary to establish, manage and operate the Exchange. The Association is operated subject to the supervision and approval of a nine-member board of directors and is subject to regulation by the Mississippi Commissioner of Insurance. The Commissioner has determined that the governing board of the Association as currently constituted is appropriate and highly desirable to operate Mississippi's Exchange.

By statute, the Association's board of directors consists of:

1. Four (4) members appointed by the Insurance Commissioner. Two (2) of the Commissioner's appointees shall be chosen from the general public and shall not be associated with the medical profession, a hospital or an insurer. One (1) appointee shall be a representative of medical providers. One (1) appointee shall be a representative of health insurance agents. Any board member appointed by the Commissioner may be removed and replaced by him at any time without cause.

2. Three (3) members appointed by the participating insurers, at least one (1) of whom is a domestic insurer.
3. The Chair of the Senate Insurance Committee and the Chair of the House Insurance Committee, or their designees, who shall be nonvoting, ex officio members of the board.

(See Mississippi Code Section 83-9-211; Article V, Section 2 of Amended and Restated Articles, Bylaws and Operating Rules)

The Association's Amended and Restated Articles, Bylaws and Operating Rules contain a conflict of interest provision and the Association has a Conflicts of Interest and Business Ethics Policy. Article V, Section 14 of the Amended and Restated Articles, Bylaws and Operating Rules is included in Appendix "A." A copy of the Association's Conflicts of Interest and Business Ethics Policy is attached hereto as Appendix "B." These conflict of interest provisions are consistent with standard corporate governance principles.

V. Program Integration

MID consultants conducted a study to determine how the Exchange can be successful and work with appropriate State and Federal programs. The research will be used to ensure that Mississippi maximizes the impact of the Exchange while minimizing duplication of efforts and costs.

MID staff has conducted several meetings with the Mississippi Division of Medicaid ("Medicaid") staff to discuss planning activities for an Exchange and the need for program integration. Medicaid staff participated in a consultant webinar to provide input on the current Medicaid technology platform and future needs for program integration with the Exchange. Due to many of the shared functions the Exchange will have with Medicaid, MID plans to continue working with Medicaid staff to better define roles and responsibilities.

VI. Exchange IT Systems

Mississippi has completed a thorough IT Gap Analysis to evaluate the State's readiness to implement Exchange IT systems. MID and the Mississippi Division of Medicaid IT staff participated in a webinar conducted by consultants on March 9, 2011, to gain insight on the State's existing technology infrastructure. Medicaid staff provided information on their existing IT software and hardware and gave valuable input for said IT Gap Analysis. Careful consideration was given to the "Key Principles of Exchange IT Capabilities" and "Core Exchange Functions Supported by IT" in the "Cooperative Agreement's" Appendix D, and steps were taken to address the plans for a modular, flexible approach to systems development. Mississippi is committed to implementing and incorporating the entire core Section 1561 recommendations for human services eligibility and enrollment processes. The materials for the webinar and other meetings are attached hereto as Appendix "G". Mississippi has reviewed the most recent *Guidance for Exchange and Medicaid V2.0* and will consider using many of the proposed standards during the design and development of Mississippi's target system.

VII. Providing Assistance to Individuals and Small Businesses

MID has been working with an existing consumer assistance program that offers informative materials and presentations to groups and individuals, maintains a website at http://healthhelpms.org/, provides a toll free hotline, and has trained staff who are knowledgeable about public and private resources. They also work with the Mississippi Attorney General's office assisting consumers with their complaints.

MID is currently working on the remaining core areas in its strategic planning project with activities underway to address:

- Financial Management - Define the financial management infrastructure;
- Program Integrity- Plan for financial integrity, oversight and prevention of fraud, waste, and abuse;

- Health Insurance Market Reforms- Mitigate adverse selection inside and outside of the Exchange; and
- Business Operations- Identify and define future business operations for a successful Exchange.

B. Proposal to Meet Program Requirements

Mississippi has many distinct health and economic needs. As of 2010, eighteen percent (18%) of Mississippi residents were uninsured. Additionally, research shows that PPACA will increase Medicaid eligibility in the state from just under twenty-four percent (24%) to approximately thirty-four to thirty-eight percent (34-38%) of residents. Moreover, fifty-five percent (55%) of the state's residents live in rural areas.[1] Mississippi ranks last nationally in the percentage of public high school students who graduate.[2] The state ranks last in the percentage of people who use the Internet inside or outside the home.[3] Furthermore, Mississippi ranks first in adult obesity, first in the number of adults who report no physical activity in the past month, first in heart disease deaths, first in teen birth rates, first in traffic fatalities, and second in infant mortality.[4] These challenges help reinforce the notion that Mississippi needs a health benefit Exchange built by Mississippians to address the unique issues facing Mississippians.

Because MID has regulatory authority over all health insurance policies sold in the State of Mississippi and because MID will have integral involvement with the Exchange, Mississippi Governor Haley Barbour has designated MID as the applicant for these establishment funds. MID is applying for a Level One Establishment award for a period of one year after the date of the award and intends to accomplish its goals using a step by step approach for the establishment

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[1]United States Department of Agriculture. *United States Department of Agriculture.* http://www.ers.usda.gov/statefacts/ms.htm (accessed March 7, 2011).

[2]National Cener for Education Statistics, US. *Trends in High School Dropout and Completion Rates in the United States.* December 2010. http://nces.ed.gov/pubs2011/2011012.pdf (accessed March 7, 2011).

[3]National Telecommunications and Inforamtion Administration, US Department of Commerce. *Current Population Survey, Internet Use 2010.* http://www.ntia.doc.gov/data/CPS2010Tables/Tables_3.xlsx (accessed March 7, 2011).

[4]United States Department of Health and Human Services -- Centers for Disease Control and Prevention (CDC). National Center for Health Statistics, Mississiippi Vital Records -- Mississippi State Department of Health (MSDS), Behavioral Risk Factor Surveillance Systems -- CDC, MSDH STD/HIV Office, National Center for Health Statistics, Henry J. Kaiser Family Foundation -- State Health Facts. (accessed April 12, 2011).

of a health benefit Exchange. This approach will ensure that Mississippi's health benefit Exchange will (1) be certified by the United States Department of Health and Human Services ("HHS") by January 1, 2013; (2) begin operations and health insurance coverage for enrollees by January 1, 2014; and (3) be self-sustainable on January 1, 2015.

Mississippi is planning for the establishment of a health benefit Exchange based on the HHS *Initial Guidance to States on Exchanges*, released November 18, 2010. Key exchange principles and priorities include: establishing a market driven state-based Exchange, promoting efficiency, avoiding adverse selection, streamlined access and continuity of care, public outreach and stakeholder involvement, public accountability and transparency, financial accountability, and providing effective assistance to individuals and small businesses.

Should this grant application be successful, MID plans to work to meet the needs of consumers and oversee and expend the funds to accomplish the goals set forth in the topics below:

- **Establishing a State-based Exchange**

Mississippi plans to be on track for achieving certification of its Exchange by HHS on or before January 1, 2013. The establishment of an Exchange requires a planning process that begins with state action, by legislation or other means, to create an Exchange entity with the authority necessary to implement and operate an Exchange. Mississippi has such an entity.

The Mississippi Comprehensive Health Insurance Risk Pool Association ("Association"), a nonprofit legal entity, was created by the Mississippi Legislature in 1991. With its infrastructure, expertise and exceptional record of providing health coverage to the citizens of this State, Mississippi believes that the Association is the logical platform for launching and running Mississippi's Exchange. The enabling legislation for the Association is found in Mississippi Code Annotated 83-9-201 *et.seq.*, 1972 as amended.

The legislative purpose of the Association is, among other things, to establish a mechanism to allow the availability of a health insurance program and to allow the availability of health insurance coverage to those citizens of Mississippi who desire to obtain or continue health insurance coverage under any state or federal program designed to enable persons to obtain or maintain health insurance coverage. The statutory authority of the Association includes serving as a mechanism to provide health and accident insurance coverage to citizens of this state under any state or federal program designed to enable persons to obtain or maintain health insurance coverage. Legal counsel to the Association as well as outside legal counsel to the Commissioner of Insurance issued written legal opinions that the Association has the authority to establish and operate as Exchange in Mississippi. The Association adopted initial amendments to its Amended and Restated Articles, Bylaws and Operating Rules approving the establishment and operation of a Mississippi Exchange and the Commissioner approved the amendments. A copy of the amendment, along with a complete copy of the Association's Amended and Restated Articles, Bylaws and Operating Rules, are attached hereto as Appendix "A."

The Association will carry out a number of Exchange functions including, but not limited to, certifying, recertifying and decertifying qualified health plans; providing for the operation of a toll-free telephone hotline to respond to requests for assistance; maintaining an Internet website through which enrollees and prospective enrollees of qualified health plans may obtain standardized comparative information on such plans; assigning a rating to each qualified health plan offered through the Exchange; utilizing a standardized format for presenting health benefits plan options in the Exchange; informing individuals of eligibility requirements for Medicaid, CHIP, or other applicable state or federal programs; establishing and making available by electronic means a calculator to determine the actual cost of coverage after any available

premium credits, reductions or adjustments are applied; and establishing a consumer outreach program.

Should the grant be awarded, MID plans to administer the majority of the funds as a sub-award to the Association so that they may conduct the activities necessary to establish the Exchange. The Association will make programmatic decisions, meet specific program objectives through performance measures as stipulated in the grant and comply with applicable HHS requirements. MID will monitor the subrecipient's performance against the goals and performance standards, outlined in a consortium agreement with the Association. The consortium agreement will be a formal written agreement and will address the activities required to meet the programmatic, administrative, financial, and reporting requirements of this grant. MID will provide a copy of the said agreement to HHS once an award is received and the agreement is finalized.

- **Promoting Efficiency**

Health benefit exchanges must be mindful of costs for consumers, employers, and the federal government. Mississippi's Exchange will be operated by the Association pursuant to rules and regulations developed by the Association and approved by MID and will be governed under the direction of the Association's Board. It is intended that Mississippi's Exchange will have the flexibility to respond to local market conditions and take actions to facilitate competition among plans on price and quality. Mississippi's Exchange will adapt to changes in the market by redesigning and modifying business plans as opportunities develop. The Exchange will also have the flexibility to deal with insurers, agents, and other business partners in a manner that serves the Exchange's interest in maximizing value for its consumers. Advisory boards consisting of relevant stakeholders will be created by MID to assist in the development of rules and regulations for the Exchange.

- **Avoiding Adverse Selection**

Mississippi's Exchange will seek to avoid adverse selection by taking measures intended to ensure that those who buy through the Exchange are a broad mix of healthy and less healthy participants. States have flexibility to provide consistent regulation inside and outside the Exchange, and to take additional action to prevent adverse selection. Mississippi intends to work with Federal and State government agencies, relevant stakeholders, national experts and any other appropriate entity in order to develop policy that will limit adverse selection within the Exchange. Reinsurance, risk adjustment and risk corridor programs may also be employed to help avoid adverse selection.

- **Streamlined Access and Continuity of Care**

Mississippi's Exchange will evaluate and coordinate eligibility for applicants with the Mississippi Division of Medicaid ("Medicaid"), the Children's Health Insurance Program ("CHIP"), and other state health programs. The Exchange must comply with all applicable federal statutes relating to nondiscrimination. Mississippi will utilize the federal government's critical building blocks and financial support for achieving an efficient enrollment process. Mississippi's Exchange will use those building blocks to help streamline access for consumers and also promote seamless access for applicants eligible for other health programs beyond coverage options available in the Exchange. Mississippi will need to upgrade its Information Technology ("IT") systems and other business operations and improve continuity of care across health programs.

Providing assistance to individuals and small businesses is a priority for the Exchange. MID and the Association will identify activities necessary for Exchange implementation to include defining the components of an Exchange and assessing the State's resources to reach the milestones identified in the Work Plan attached hereto in Section E. MID will carry out activities in the Exchange Establishment Core Areas identified in the funding opportunity:

❖ **Background Research**

MID completed in-depth research on the health insurance market in Mississippi during the Exchange planning phase. This background research is being used in the planning process and will be a viable resource for implementing the Exchange. The executive summary for this research and stakeholder secondary research is attached hereto as Appendix "C". Further insurance market research will not be needed under the Establishment Cooperative Agreement.

❖ **Stakeholder Consultation**

Mississippi promoted stakeholder involvement in 2010 to gain input and support for planning an Exchange. Mississippi utilized the Health Insurance Exchange Study Committee, to provide guidance as to the direction that Mississippi should proceed in implementing an Exchange and to ensure stakeholder involvement during the planning stages.

As the State moves forward with the establishment of an Exchange, outreach efforts are critical to its success. Mississippi's rural population, low rates of education attainment, and relative lack of computer literacy are a few of the largest challenges for the Exchange. Mississippi's Exchange will serve an extremely diverse audience as the needs of Mississippians differ by region, ethnicity, and socioeconomic status. Fifty-five percent (55%) of the State's residents live in rural areas and the State ranks last in the percentage of people who use the Internet inside or outside the home.

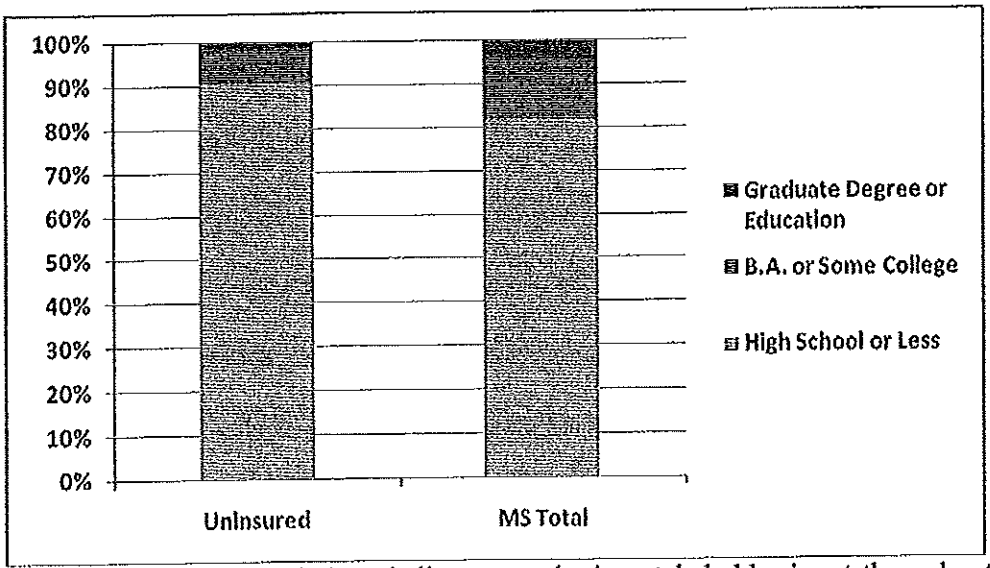
During the grant planning phase, MID's consultants provided a report on the demographic, social, and economic factors that affect the well-being of Mississippi's population. This report is attached hereto as Appendix "D". MID will combine this information with health insurance coverage data to gain a complete picture of all possible challenges facing Mississippi as it informs, educates, and ultimately enrolls individuals in the Exchange.

Mississippi has a total population of 2,951,996 persons, with 532,993 of these currently uninsured. The percentage of Mississippi's population living in poverty is much higher than the

national average of 13.5%. The following table shows the distribution of uninsured and total population by the Federal Poverty Level ("FPL"). While 0-49% FPL contains 22% of the uninsured population (119,593 lives), the next highest amount of uninsured is found in the 133%-199% FPL. The remaining number of uninsured is fairly evenly distributed, accounting for the 24% of the population in Mississippi that is over 400% FPL.

% of FPL	Uninsured Count	Uninsured Percentage	MS Total Count	MS Total Percentage
0-49	119,593	22%	377,575	13%
50-99	91,481	17%	343,409	12%
100-132	49,010	9%	219,790	7%
133-199	99,384	19%	427,198	14%
200-300	87,919	16%	511,794	17%
300-400	41,593	8%	368,617	12%
400 PLUS	44,013	8%	703,613	24%
Grand Total	532,993		2,951,996	

Eighty-two percent (82%) of Mississippi's population has a high school diploma or less. The following table shows that ninety-one percent (91%) of the uninsured population has a high school diploma or less. Only eight percent (8%) has a Bachelor of Arts degree or some college education and one percent (1%) of the uninsured has a graduate degree.



With these population challenges, gathering stakeholder input throughout the Exchange planning and establishment process will be critical to the successful implementation of the

Exchange. Mississippi will undertake an extensive outreach effort to individual consumers and small business owners with widespread activities planned to ensure that consumers are well educated about the Exchange and their opportunities for participation. MID plans to engage stakeholder groups representing a variety of perspectives, including consumer groups, community representatives, health care providers, insurance carriers, brokers, and government leaders. This approach is designed to elicit a broad array of ideas and expertise in a highly collaborative manner. MID plans to target the following groups and focus on the following areas to garner stakeholder consultation:

- Community Input Groups – Areas of Focus:
  - Outreach and Education
  - Choice and Transparency
  - Federal Compliance
  - Implementation and Oversight

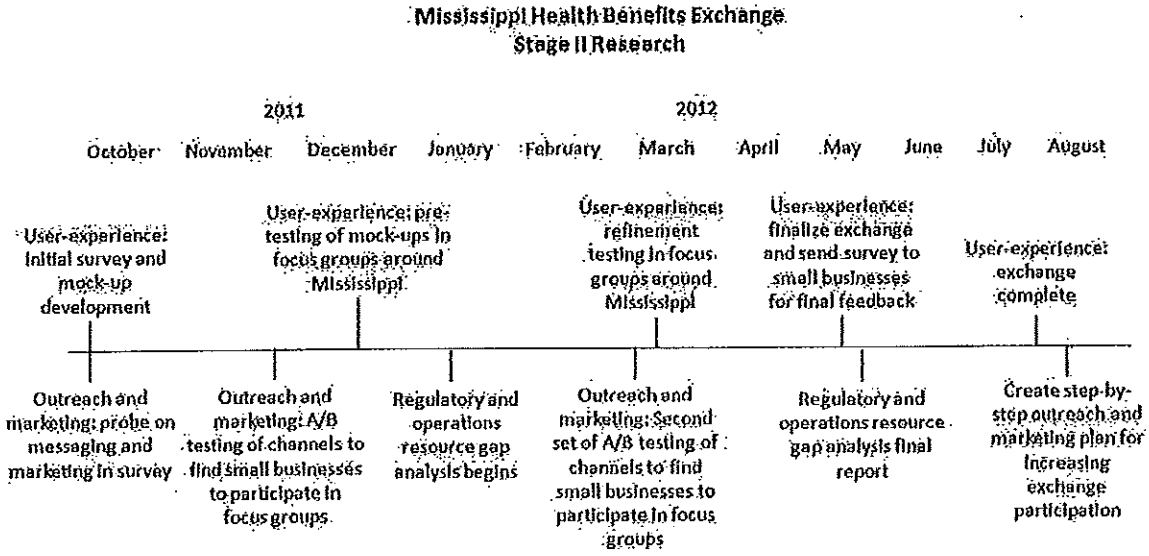
- Technical Advisory Groups – Areas of Focus:
  - Outreach and Education
    - Points of access
    - Driving adoption
  - Choice and Transparency
    - Plan options
    - Decision support
  - Federal Compliance
  - Implementation and Oversight
    - Public Program Integration (including churn management)
    - Resource management
    - Regulation

It is important to understand how Mississippians currently access health information and where and how they would like to access that information through the Exchange. MID plans to conduct education and outreach efforts through stakeholder focus group research sessions in two stages in order to:

- Stage I
  - Develop a foundational understanding of the challenges and unique needs associated with creating an Exchange in Mississippi;
  - Garner input and feedback from Legislators, consumer groups, carriers, brokers, small businesses, policy groups, and other appropriate stakeholders who will be impacted by an Exchange;

- Analyze public exchanges in other states with the goal of creating a successful Exchange; and
- Conduct initial user-experience and outreach research to create a health benefit Exchange that will result in high participation rates.

➢ Stage II
- Provide in-depth user-experience feedback;
  - In-depth interviews and focus groups with small businesses and individuals to gather initial feedback on the user-experience associated with the Exchange;
  - Survey small businesses to gather initial feedback on the user-experience associated with the Exchange;
  - User testing for individuals and small businesses throughout Mississippi;
  - Exchange wireframe testing and feedback from hundreds of potential participants;
  - User-experience optimization, once Exchange experience is relatively finalized;
- Perform outreach and marketing testing;
  - A/B media channel testing to attract small business participants to focus groups;
  - Concept testing, message testing, optimal sales and marketing channel research, target audience segmentation;
  - Development of a step-by-step plan for increasing exchange participation;
- Prepare resources and capabilities gap analysis; and
  - Gap analysis of regulatory and operations resource needs to create a successful exchange.



Stakeholder involvement will continue throughout the establishment process via planned phase two town hall meetings and supplemental focus group sessions conducted around the

State. An additional plan for multi-faceted outreach efforts to inform the public of the services and coverage options will be developed once they are defined. Advocates for consumers, patients, employees, unemployed individuals, self-employed individuals, and others likely to be Exchange enrollees, as well as those eligible for premium tax credits will all be targeted in these outreach efforts.

Mississippi has one federally recognized Native American Tribe, the Mississippi Band of Choctaw Indians, in Choctaw, Mississippi. Tribal enrolled membership is currently over 10,000 individuals with half of this population under the age of twenty-five (25). This Tribe has an Alternate Resources Office that seeks State, Federal or local program funding and assistance for medical services. MID planned to conduct an initial meeting with the office director and staff in late June 2011, regarding the Tribe's participation in the Exchange. Follow-up visits and communication are also planned as part of this effort to inform and promote the Tribe's participation in the Exchange.

The American Recovery and Reinvestment Act of 2009 ("Recovery Act"), Public Law 111-5, provides certain premium and cost-sharing protections under Medicaid and an exemption for certain Indian-specific property from consideration in determining Medicaid eligibility and from Medicaid estate recovery. It also provides certain Medicaid managed care protections for Indian health programs and Indian beneficiaries and establishes new requirements for consultation on Medicaid and CHIP with Indian health programs. These requirements will be addressed during stakeholder consultation as the plan for program integration progresses.

❖ **State Legislative/Regulatory Actions**

The Commissioner of Insurance ("Commissioner") has determined that the Association possesses the legal authority to establish and operate Mississippi's Exchange. The Association adopted initial amendments to its Amended and Restated Articles, Bylaws and Operating Rules approving the establishment and operation of a Mississippi Exchange and the Commissioner approved the amendments. A copy of the amendments, along with a complete copy of the

Association's Amended and Restated Articles, Bylaws and Operating Rules are attached hereto as Appendix "A." Under state law, the Commissioner has the authority to establish rules and regulations for an Exchange operated by the Association.

❖ **Governance**

Special consideration has been given to ensure the governance of the Exchange is guided by appropriate board members that possess the knowledge and experience necessary to manage and oversee the Exchange. The Association is operated subject to the supervision and approval of a nine-member board of directors and is subject to regulation by the Mississippi Commissioner of Insurance. The Commissioner has determined that the governing board of the Association as currently constituted is appropriate and highly desirable to operate Mississippi's Exchange.

The Association's board of directors consists of

1. Four (4) members appointed by the Insurance Commissioner. Two (2) of the Commissioner's appointees shall be chosen from the general public and shall not be associated with the medical profession, a hospital or an insurer. One (1) appointee shall be a representative of medical providers. One (1) appointee shall be a representative of health insurance agents. Any board member appointed by the Commissioner may be removed and replaced by him at any time without cause.
2. Three (3) members appointed by the participating insurers, at least one (1) of whom is a domestic insurer.
3. The Chair of the Senate Insurance Committee and the Chair of the House Insurance Committee, or their designees, who shall be nonvoting, ex officio members of the board.

The Association's Amended and Restated Articles, Bylaws and Operating Rules contain a conflict of interest provision and the Association has a Conflicts of Interest and Business Ethics Policy. Article V, Section 14 of the Amended and Restated Articles, Bylaws and Operating

Rules is included in Appendix "A." A copy of the Association's Conflicts of Interest and Business Ethics Policy also is attached hereto as Appendix "B." These conflict of interest provisions are consistent with standard corporate governance principles.

❖ **Program Integration**

Ideal program integration of the Exchange with current Federal and State health programs will ensure that Mississippi maximizes the impact of the Exchange while minimizing duplication of efforts and costs. A study is currently underway to determine the most efficient way the Exchange will work with Medicaid and CHIP. MID is currently performing a data-gathering process and in-depth interviews to identify the best way to integrate these various programs with the Exchange. The focus for these includes: (a) eligibility determination; (b) consumer protection; (c) premium regulation; (d) choice and enrollment into health plans offered by the State to Medicaid beneficiaries and children through CHIP; (f) choice and enrollment into health plans for State employees; and (f) choice and enrollment in health plans by other State-only financed plans. Due to many of the shared functions the Exchange will have with Medicaid, MID will continue meeting with Medicaid staff to better define roles and responsibilities. Options and recommendations on resource assessments, policy decisions, and operating procedures will be defined. An agreement will be executed between the Exchange and other State health programs, and MID will ensure that funding streams are appropriately allocated.

❖ **Exchange IT Systems**

Mississippi has reviewed the recently released *Guidance for Exchange and Medicaid V2.0* and will consider using many of the proposed standards during the design and development of the Mississippi Health Benefit Exchange. MID is especially interested in 5.1 Data Services Hub, as this will significantly streamline and standardize many of the eligibility functions and requirements of Mississippi's Exchange.

Mississippi has completed a thorough IT Gap Analysis to evaluate the State's readiness to implement Exchange IT systems. MID's professional consultants conducted a webinar on March 9, 2011, to gain insight on the State's existing IT infrastructure with participation by staff from Medicaid and MID. A summary of the IT Gap Analysis is included herein as Section C and the formal report is attached hereto as Appendix "F".

The technical architecture is critical to supporting the necessary business functions and features of the Exchange. Mississippi understands that the technical architecture must be:

- Flexible and utilize a services-based design capable of extending front-end services to stakeholders and back-end services to systems;
- Based in open standards such as the National Information Exchange Model ("NIEM") and WSI, to improve system interoperability and reduce maintenance;
- Based on industry best practice design, facilitating the transfer of conceptual design and business rules thereby accelerating adoption by other states; and
- Secure and adhere to HIPAA guidelines in order to provide a safe, reliable, and private exchange of information.

Application Standards

The 1561 recommendations and NIEM standards are new to Mississippi. That said, Mississippi is committed to implement and incorporate the entire core Section 1561 recommendations for human services eligibility and enrollment processes to:

- Create a transparent, understandable and user-friendly online process that enables consumers to make informed decisions about applying for and managing benefits;
- Provide a range of user capabilities, languages and access considerations;
- Offer seamless integration between private and public insurance options;
- Enable a consistent and transparent exchange of data elements between multiple data users (e.g. NIEM standards); and

- Maintain strong privacy and security protections.

Mississippi will work to incorporate NIEM standards as the State develops the business processes and scope of work for the Exchange.

Maintaining application security is important to protect the sensitive information that is collected, processed, and stored in the Exchange. The Exchange will comply with all Federal standards of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). While new systems are developed and existing systems are enhanced, Mississippi will continue to work to ensure that its systems are HIPAA compliant.

Medicaid and its fiscal agent are required to comply with and address all aspects of HIPAA Regulations. Medicaid requires all of its partners to sign a Business Associate Agreement ("BAA") that directly interfaces with the MMIS system. Medicaid is building this BAA into all of its contracts to all vendors regardless of their function. The Exchange will create a clear, easy-to-understand privacy notice as part of both the paper application and electronic process that consumers using the Exchange will need to acknowledge and sign.

Mississippi will consider using components from the models developed with the early innovator grants and use existing industry leading products rather than build a new information technology system. The following describes Mississippi's target system software and hardware:

Target System Software

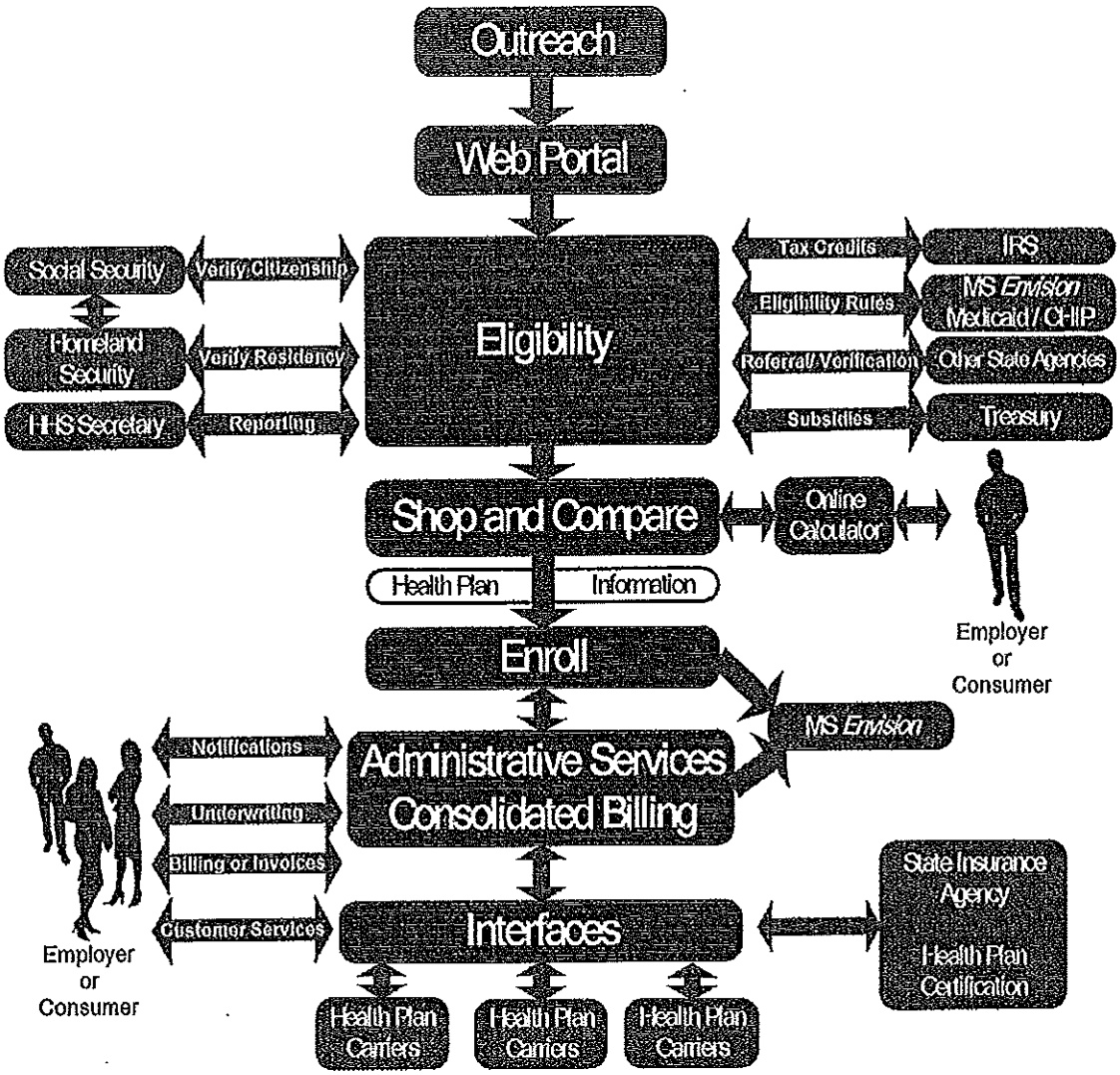
Component	Description
Envision MMIS	IBM Mainframe with z/OS – PowerBuilder, DB2, and COBOL
Medicaid Web Site	IIS with ASP
Envision Web Portal	Sun Solaris Sparc Servers with WebSphere, IBM HTTP Server, and Oracle
EDI Gateway	IBM AIX Wintel Servers with Mercator

MEDS/MEDSX	Sun Solaris Sparc Servers with WebSphere, Oracle, LDAP, Actuate, and Tivoli
• Plan Comparison • Health plan and Consumer Administration	Mississippi plans to utilize existing industry leading vendors to customize their COTS products or SAAS products to facilitate the plan comparison and consumer administration functionality.
Health Plan Ranking	Mississippi plans to utilize existing industry leading vendors to customize their COTS products or SAAS products to facilitate the health plan ranking functionality to meet the needs of Mississippi's Exchange.
Online Calculator	Mississippi plans to utilize existing industry leading vendors to customize their COTS products or SAAS products to facilitate the online calculator functionality to meet the needs of Mississippi's Exchange.
Financial Transactions	Mississippi plans to utilize existing industry leading vendors to customize their COTS products or SAAS products to facilitate the financial transactions to meet the needs of Mississippi's Exchange.
Risk Adjustment	Mississippi plans to utilize existing industry leading vendors to customize their COTS products or SAAS products to facilitate the risk adjustment functionality to meet the needs of Mississippi's Exchange.
Mobile Access	Mississippi plans to utilize existing mobile application developers to build and customize software to facilitate mobile access to Mississippi's Exchange.

Target System Hardware

Component	Description
MMIS	An Open Systems platform written in a modern programming language.
Medicaid Web Site	A Wintel platform.
EDI Gateway	An Open Systems platform with a translator.
Eligibility System	An Open Systems platform written in a modern programming language.
• Plan Comparison • Health plan and Consumer Administration • Health Plan Ranking • Online Calculator • Financial Transactions • Risk Adjustment	Mississippi plans to utilize existing vendor technologies and hardware platforms that comply with the State's minimum requirements and standards.

The foundation "to be" environment is mapped out below:



Accessibility

It is a federal mandate that public-facing websites must minimize technical and usability barriers for individuals with disabilities. Mississippi plans to ensure that the Exchange complies with all Federal and State accessibility regulations and will test the Exchange to ensure the highest level of accessibility.

The Exchange will also be in compliance with Title II of the Americans with Disabilities Act. The Exchange will adhere to all standards for waiving unnecessary eligibility standards for

individuals and will modify policies and procedures on an as-needed basis to ensure access to programs. In administering benefit services to students, the Exchange will comply with section 504 of the Rehabilitation Act, developed by the Office of Civil Rights and the U.S. Department of Education, which allows all students to participate in any program receiving federal financial assistance, regardless of disability.

Security

Mississippi understands that security is extremely important when dealing with confidential information related to health care programs. The State employs multiple layers of security in its systems for maintaining compliance and protecting data like personal health information ("PHI") and personal identifying information ("PII"). Mississippi understands the federal Fair Information Practices ("FIP") guidelines for collecting data, maintaining data integrity and quality, and providing transparency regarding data access and use. MID will ensure that security measures in place comply with all federal standards. During the development of the Exchange, security protocols will be implemented and extensively tested at each phase.

Medicaid has reviewed the FIP guidelines and believes the standards are in direct relation to HIPAA compliance. Medicaid already issues notices to all beneficiaries regarding Mississippi's privacy practices which address notice/awareness, choice/consent, access/participation, integrity/security, enforcement/redress, and dependent children which all are identified in the FTC Fair Information Practice documentation.

Federal Information Processing Standards ("FIPS")

Mississippi's Department of Human Services fully complies with the Federal Information Processing Standards ("FIPS"). Mississippi will thoroughly evaluate the FIPS as they apply to the Exchange, and will make a decision as to how the Exchange will comply with these

standards. Mississippi will provide HHS with a formal response and decision regarding the FIPS evaluation.

❖ **Financial Management**

MID will seek aid from outside consultants, including, but not limited to experienced accountants to ensure the financial management structure and accounting systems for the Exchange adhere to HHS Financial Management Activities. The financial management system will provide efficient and effective accountability and control of all property, funds, and assets related to grants and cooperative agreements with the Federal government.

MID and the Association will conduct a detailed analysis of the fiscal needs for designing, developing, and building the Exchange. Administrative costs will need to be identified including, but not limited to, staff salaries and benefits, equipment, supplies, travel, and contractual costs for professional services. A draft budget has been developed and included herein as Section F, Budget Narrative. The estimates for these budget categories were based on research of existing Exchange budgets and an initial assessment of Mississippi's needs. The budget may need to be revisited once the Association develops its plans for Exchange operation. MID is committed to ensuring that the requirement that the Exchange be financially sustainable beginning January 1, 2015, will be met.

❖ **Oversight and Program Integrity**

Oversight, accountability, and transparency are critical to the success of the Exchange and to ensure program integrity. This responsibility will help to instill consumer confidence and acceptance of the Exchange. MID will recommend that a mechanism of accountability such as an Exchange Oversight and Implementation Committee be authorized to ensure that the Exchange is in compliance with all transparency requirements and to promote consumer protection. It will be necessary for the Exchange to combat waste, fraud, and abuse within its

financial management system, as well as with the processing of data, information and funds flowing through the Exchange.

- **Health Insurance Market Reforms**

MID and the Association will seek to ensure that health insurance market reforms are implemented for a successful Exchange. Potential options will be outlined to mitigate adverse selection inside and outside of the Exchange. This includes, but is not limited to, considering the size of the potential market, offering the same plans inside and outside of the Exchange, and the combined impact of risk-leveling methods. Stakeholder consultation on these issues will be used for the development of a plan to implement these health insurance market reforms. As guidance from HHS is released, Mississippi will demonstrate how it is making progress in implementing these health insurance market reforms and enforcing consumer protections.

- **Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints**

A Consumer Assistance Program is a core activity of Exchange planning and establishment. Mississippi will seek to ensure robust capacity for providing such assistance for all of its residents and will ensure that the Exchange reinforces and strengthens this assistance. MID plans to collaborate with current consumer assistance programs as subgrantee(s) to conduct Exchange ombudsman services including health insurance education for Mississippians. A currently existing one year program, administered by Health Help, offers informative materials and presentations to groups and individuals, maintains a website at http://healthhelpms.org/, provides a toll free hotline, and has trained staff who are knowledgeable about public and private resources. They also provide links to health condition groups, medical resources, consumer organizations, and FAQs about Medicaid, CHIP and consumers' rights. Health Help frequently uses the HHS website www.healthcare.gov to navigate consumers to the health insurance options that are available to them. Health Help also works with the Mississippi Attorney General's office assisting consumers with their complaints.

In addition, they provide Health Help for Kids ("HHK"), a program that provides comprehensive protection and advocacy services to parents enrolling their children in public healthcare programs, such as CHIP. The HHK program provides a detailed outreach plan to enroll eligible populations and provides materials including brochures, fact sheets and action guides to promote the availability of CHIP services. Current consumer assistance programs fill the void that exists between the average consumer and the complex world of insurance plans, public programs and health providers. A plan to facilitate this on-going assistance has been developed and is included in the proposed funding requirements. MID plans to expand this consumer assistance program to include a minimum of three additional programs located throughout the State. The regional programs will be located in rural areas around the State in order to reach as many of the citizens as possible to provide this valuable service.

Assistance through Navigators will be integrated into Exchange operations and funding will be provided through the operational funds of the Exchange. The Association will identify entities qualified to serve as Navigators and facilitate the funding necessary to perform the following roles:

a. Conduct public education activities to raise awareness of the availability of qualified health plans;
b. Distribute fair and impartial information concerning enrollment in qualified health plans, and the availability of premium tax credits and any cost-sharing reductions;
c. Facilitate enrollment in qualified health plans; however, no person shall receive any form of compensation as consideration for the facilitation of enrollment of any person in a qualified health plan through the Exchange unless that person is an insurance producer that is duly licensed by MID pursuant to Section 83-17-75 of the Mississippi Code;

d. Provide referrals to duly licensed insurance producers to facilitate enrollment in qualified health plans;

e. Provide referrals to any applicable office of health insurance consumer assistance, health insurance ombudsman or any appropriate state agency or agencies, for any enrollee with a grievance, complaint or question regarding their health benefit plan, coverage or a determination under that plan or coverage; and

f. Provide information in a manner that is culturally and linguistically appropriate to the needs of the population being served by the Exchange.

❖ **Business Operations/Exchange Functions**

Details regarding business operations and functions will be developed once future Federal guidance is provided on the requirements for each function and as Mississippi's Exchange becomes more defined. Meanwhile, MID will assess all State and Federal requirements, the core capabilities needed to operate an Exchange and the critical factors to be managed. To do this, Mississippi will seek consultant services to identify and define future business operations for a successful Exchange. MID will apply the consultant's recommendations to work with the appropriate vendor of a selected product to address core functions which include, but are not limited to:

- **Certification, Recertification, And Decertification Of Qualified Health Plans**

  Mississippi will define the process, approach, and timeframe for these activities to reach our goal for enrollment in mid 2013.

- **Call Center**

  As stated earlier, MID plans to collaborate with existing consumer assistance programs to provide assistance to consumers. Their existing toll free hotline has trained staff ready to provide outreach to consumers and to assist consumers prior to open enrollment.

Additional plans include implementing and operating a fully operational call center for all individuals and small businesses.

- **Exchange Website**

  Mississippi will have a robust website that will not only offer the basic required services, but additional services for the consumer to obtain as much information necessary to make the most informed decision on their plan selection.

- **Quality Rating System**

  A quality rating system will be developed and implemented in accordance with the quality rating system requirements to be issued by HHS.

- **Navigator Program**

  The navigator program will be integrated into Exchange operations to assist consumers in navigating through their choices in the Exchange.

- **Eligibility Determinations For Exchange Participation, Advance Payment Of Premium Tax Credits, Cost-sharing Reductions, and Medicaid**

  The Exchange will meet all requirements set forth by State and Federal law.

- **Seamless Eligibility And Enrollment Process With Medicaid And Other State Health Programs**

  Mississippi plans to continue meeting with other health programs in the State in order to determine the best approach for ensuring that individuals are seamlessly enrolled in the program for which they are eligible. MID and the Association will rely on its initial IT Gap analysis and the recently released *Guidance for Exchange and Medicaid V2.0* in the development of its eligibility system.

- **Enrollment Process**

  Mississippi's enrollment process will include providing information about available qualified health plans customized according to an individual's preferences and will facilitate the selection of a plan.

- **Applications And Notices**

  The use of a single, streamlined application is a priority for Mississippi's Exchange implementation. This application will facilitate the eligibility determination process and the enrollment of individuals in qualified health plans. The Exchange will issue notices to facilitate program operations and communication with enrollees. For example, the Exchange will immediately notify individuals upon determination of eligibility.

- **Individual Responsibility Determinations**

  The Exchange will have in place a process to receive and adjudicate requests from individuals for exemptions from the individual responsibility requirements of PPACA. MID will communicate this information to HHS for transmission to the Internal Revenue Service ("IRS").

- **Administration Of Premium Tax Credits And Cost-Sharing Reductions**

  Mississippi's Exchange will serve as the first point of contact for individuals to report a change in income level, which will initiate redetermination of eligibility. This information will be transmitted to HHS.

- **Adjudication Of Appeals Of Eligibility Determinations**

  The Exchange will have in place an appeals process for individuals to contest the eligibility determinations made for participation and available premium cost sharing reductions.

- **Notification And Appeals Of Employer Liability**

  The Exchange will have an appeals process for employers, when notified that an employee is eligible for advance payment of a premium tax credit.

- **Information Reporting To IRS And Enrollees**

  Required information on each enrollee's coverage provided through the Exchange will be reported to the IRS annually.

- **Outreach And Education**

  Mississippi's rural population, low rates of education attainment, and relative lack of computer literacy, are some of the largest challenges facing the Exchange. Mississippi will serve an extremely diverse audience and the needs of Mississippians differ by region, ethnicity, and socioeconomic status. Mississippi will undertake an extensive outreach effort for both consumers and small businesses with widespread activities planned to ensure that consumers are well-informed about the Exchange, coverage options available to them, and opportunities for participation. This effort will be based on results and feedback outlined in stakeholder consultation activities.

- **Risk Adjustment And Transitional Reinsurance**

  Mississippi will plan for necessary data collection to support risk adjustment, including demographic, diagnostic, and prescription drug data. Mississippi plans to develop a risk adjustment model and apply the federal standards for data collection and operations.

- **Small Employer Exchange-Specific Functions**

  Mississippi will operate a Small Employer Health Benefit Exchange to facilitate the purchase of coverage in qualified health plans for employees of small businesses that choose to purchase coverage through the Exchange. Mississippi will develop system and operational processes for the Exchange to perform administrative duties for small businesses offering insurance through the Exchange.

C. SUMMARY OF EXCHANGE IT GAP ANALYSIS

A thorough analysis was conducted to determine the existing legacy software and hardware currently in operation as Mississippi Division of Medicaid's Medicaid Management Information System ("MMIS"). The system entitled *Envision* utilizes a three-tier application deployment architecture including client workstations, a Sybase Enterprise Application Server middle tier and mainframe back-end. The middle tier provides well

defined interface-to-system functions suitable for future development. The system also allows controlled access to system functions from other State systems and can accommodate expanding user requirements. *Envision* provides HIPAA compliant transaction handling for Medicaid policy and edits. The *Envision* on-line production environment is included in the IT Gap Analysis along with the existing user access to Medicaid systems and the "to be" user access. Mississippi further designed the foundation of the "to be" environments and identified the target system software and hardware for the Exchange to interact with the Medicaid system for eligibility determination. A schematic for the Mississippi "to be" system was provided earlier and is included in the IT Gap Analysis attached hereto as Appendix "F".

D. EVALUATION PLAN

Consistent tracking and monitoring of performance and progress and timely reporting are keys to the successful development and implementation of an Exchange. MID has developed an extensive evaluation plan that tracks and measures key indicators as well as the anticipated results from completing each task in the core areas. Key indicators are measurable outcomes that can be tracked to ensure milestones, implementation objectives, and grant requirements are being met. Anticipated results are broad outcomes that serve as a check for the direction of the overall development and implementation process. Knowing the anticipated results of each task helps ensure the indicators are not only being met, but are in line with the desired outcomes of the process.

MID's evaluation plan provides key indicators and anticipated results to be measured within each of the core areas. The plan shows current baseline information from which progress can be evaluated. In addition to the baseline information, the responsible agency and estimated time frame for each task is listed to ensure key indicators are met, performance

and progress is tracked, and anticipated results are achieved within the estimated time frame. The detailed evaluation plan follows this project narrative.

E. EXCHANGE WORK PLAN

Mississippi's work plan contains the proposed tasks and milestones in each core area that it plans to complete during this project period. MID will update its work plan as additional guidance on Exchanges is issued by HHS. The work plan follows the evaluation plan.

D. MISSISSIPPI INSURANCE DEPARTMENT
EXCHANGE ESTABLISHMENT
EVALUATION PLAN

Successful development and implementation of a health insurance exchange requires careful coordination of tasks within the Establishment Core Areas, consistent tracking and monitoring of performance and progress, and timely reporting. To accomplish this goal, MID has developed an evaluation plan that tracks and measures key indicators as well as the anticipated results from completing each task. Key indicators are measurable outcomes that can be tracked to ensure milestones, implementation objectives, and grant requirements are being met. Anticipated results are broad outcomes that serve as a check for the direction of the overall development and implementation process. Knowing the anticipated results of each task helps ensure the indicators are not only being met, but are in line with the desired outcomes of the process.

The following tables illustrate the key indicators and anticipated results to be measured within each of the Exchange Establishment Core Areas. It also shows current baseline information from which progress can be evaluated. In addition to the baseline information, the responsible agency and estimated time frame for each task is listed. The responsible agency assigned to the task is accountable for ensuring key indicators are met, performance and progress is tracked, and anticipated results are achieved within the estimated time frame. The time frames and completion dates currently listed in the table are broad estimates that will be refined once the grant is awarded and details of the implementation plan can be finalized. Specific persons within the agency will also be assigned to the task so it is clear who is responsible for monitoring the progress of the task. As the implementation process moves forward, baseline information that is not already determined will be developed and included in the evaluation plan.

Background Research

Task	Responsible Entity	Time Frame	Key Indicators to be Measured	Baseline Information	Anticipated Results
Data analysis of the insurance market.	Exchange Planning Consultants	04/01/2011 – 09/30/2011	1. Initial demographic analysis of the health insurance market. 2. Preliminary analysis of eligibility for and enrollment in Medicaid, CHIP, the Exchange, and other State programs. 3. Research and analysis aimed at quantifying the potential market to be served by the expansion of Medicaid and the establishment of subsidized coverage. 4. Analysis of existing health plans and benefits in Mississippi utilizing existing resources.	Contract with Exchange Planning Consultants is finalized and consultants have completed analysis. Initial demographic analysis of the health insurance market is complete.	Utilize data analysis to help determine exchange structure and design. Utilize data analysis to determine approach for outreach efforts.

Stakeholder Consultation

Task	Responsible Entity	Time Frame	Key Indicators to be Measured	Baseline Information	Anticipated Results
Broad stakeholder consultation with all relevant groups from all regions of the state.	MID Grant Staff, Exchange Study Committee, Exchange Planning Consultants, Exchange Implementation Consultants	2011 – 2014, throughout.	1. Develop a plan to promote partnership and stakeholder involvement. 2. Relevant stakeholder groups identified. 3. Consultations held with all relevant stakeholder groups.[1] 4. Consultations held from all regions of the state.	Stakeholder involvement plan is developed and relevant stakeholder groups are identified. Consultations held: 42 in-depth stakeholder interviews 2 small group discussions with business owners 2 small group discussions with brokers/agents	MID has clear understanding of stakeholder needs. Utilize feedback to help determine the establishment and ongoing operation of the Exchange.
Establish a process for consulting with federally recognized Indian Tribal governments.	MID Grant Staff, Exchange Planning Consultants, Exchange Implementation Consultants	05/15/2011 - 05/15/2012	1. Proper entities and officials clearly identified. 2. Channels for communication identified and started.		Determine appropriate meeting times and channels for input from Indian Tribal governments.
Continue Indian Tribal government consultation	MID Grant Staff, Exchange Planning Consultants, Exchange Implementation Consultants	2012 -2014; throughout	1. Meetings held with Indian Tribal government officials. 2. MID has clear understanding of Indian Tribal needs.		Utilize feedback to help determine the establishment and ongoing operation of the Exchange.

Legislation and Regulatory Action

Task	Responsible Entity	Time Frame	Key Indicators to be Measured	Baseline Information	Anticipated Results
Determine the necessary authority to establish an Exchange that meets ACA	Grant Project Director, MID Commissioner, Legal Consultants, Comprehensive Health	01/01/2011 – 09/30/2011	1. Exchange established.	Exchange established.	Exchange established.

[1] Including Consumer advocates patients, employees, unemployed and self-employed individuals, other consumers likely to be Exchange enrollees as well as consumers likely to be eligible for premium tax credits and cost-sharing reductions, representatives of small businesses, health insurance issuers, State HIT Coordinators, State Medicaid offices, State human services agency, and health care providers.

requirements.	Insurance Risk Pool Association				

Governance

Task	Responsible Entity	Time Frame	Key Indicators to be Measured	Baseline Information	Anticipated Results
Develop a governance model.	Grant Project Director, Legal Consultants, Exchange Planning Consultants, Comprehensive Health Insurance Risk Pool Association	2011	1. Work with stakeholder groups to answer key questions about the governance structure of the Exchange.	Consultations held: 42 in-depth stakeholder interviews 2 small group discussions with business owners 2 small group discussions with brokers/agents	Utilize stakeholder feedback to enhance governance model for the Exchange.
Establish enhanced governance structure that conforms to the requirements of the Affordable Care Act and regulations to be issued by HHS.	Grant Project Director, Legal Consultants, Comprehensive Health Insurance Risk Pool Association	01/01/2011 - 09/2012; or 2012: Q2	1. Establish Exchange Advisory Board and governance model. 2. Determine management team and staff sufficient to oversee the operations of the Exchange. 3. Determine any additional requirements to ensure public accountability, transparency, and preventions of conflict of interest.		Association Board will adopt Exchange rules and regulations in accordance with Association articles, bylaws, and operating rules consistent with State and Federal requirements.

Program Integration

Task	Responsible Entity	Time Frame 05/15/2011 – 09/2012	Key Indicators to be Measured	Baseline Information	Anticipated Results
Complete a study to determine the most efficient way for the Exchange to build on and work with other Federal and State health programs to	MID Grant Staff, Comprehensive Health Insurance Risk Pool Association, Exchange Implementation Consultants	2011: Q4	Perform detailed business process documentation to reflect current State business processes and needed future State process changes to support Exchange		Use study to support development of Exchange implementation plan.

promote collaboration for Exchange operation.			operation.		
		2011: Q4	Regularly communicate with the State HIT Coordinators, MID, the State Medicaid agency, and the State Human Services agency to develop work plans for collaboration.		Use the collaboration work plans to identify challenges in the program integration process, strategies for mitigating those issues, and timelines for completion.
Determine MID's role and responsibilities related to the insurance markets inside and outside of the Exchange.	MID Grant Staff, Comprehensive Health Insurance Risk Pool Association, Exchange Implementation Consultants	2011: Q4- 2012	Execute an agreement regarding the roles/responsibilities of the Exchange and MID as they relate to qualified health plans offered inside and outside the Exchange.		Develop a plan for regulating the Exchange and its products that promotes Exchange competiveness, while mitigating disruption of the outside health insurance market.
		2011: Q4-2012	Devise a strategy for limiting adverse selection between the Exchange and the outside market.		
Execute agreements with Medicaid, any other applicable State health programs, and other specific health and human services programs that may be involved in the Exchange.	MID Staff, Comprehensive Health Insurance Risk Pool Association, Exchange Advisory Committee	2011: Q4- 2012	Execute an agreement with Medicaid and any other applicable State health/human services program, that includes: 1. Determination of the roles/responsibilities related to eligibility determination, verification, and enrollment. 2. Identification of challenges in the program integration process, strategies for mitigating those issues, and timelines for completion. 3. Strategies for compliance with "no		Develop the appropriate Exchange and Medicaid IT systems needed to effectively address eligibility determinations and other integrated functions.

			wrong door" policy. 4. Standard operating procedures for interactions between the Exchange and other applicable state programs' systems. 5. Cost allocation between Exchange grants, FFP, and other funding streams.		

Exchange IT System

Task	Responsible Entity	Time Frame 02/15/2011 – 09/2012	Key Indicators to be Measured	Baseline Information	Anticipated Results
Complete an analysis of existing systems and products.	MID Grant Staff, Comprehensive Health Insurance Risk Pool Association, Exchange Advisory Committee, IT Consultants	2011: Q4- 2012 Q1/Q2	Conduct gap analysis of existing systems and the end goal for systems development.	Mississippi IT Gap Analysis was completed.	Use analysis to support development of Exchange IT system implementation plan.
		2011: Q4- 2012 Q1/Q2	Complete review of product feasibility, viability, and alignment with Exchange program goals and objectives.		
Develop preliminary program integration plans, designs, and documentation.	MID Grant Staff, Comprehensive Health Insurance Risk Pool Association, Exchange Advisory Committee, IT Consultants, IT Vendor	2011: Q4-2012 Q1/Q2	Complete preliminary business requirements and develop IT architectural and integration framework.		Develop a process to capture updates and changes to business and system requirements, development, testing, and implementation of Exchange IT Systems.
		2011: Q4-2012 Q1/Q2	Complete Systems Development Life Cycle (SDLC) implementation plan.		
		2011: Q4-2012 Q1/Q2	Complete security risk assessment and release plan.		
		2011: Q4-2012 Q1/Q2	Complete preliminary detailed design and		

			system requirements documentation.		
Finalize program integration plans, designs, and documentation.	MID Grant Staff, Comprehensive Health Insurance Risk Pool Association, Exchange Advisory Committee, IT Consultants, IT Vendor	2011: Q4-2012 Q1/Q2	1. Finalize IT and integration architecture. 2. Complete Final business requirements and Interim detailed design and system requirements documentations.		Exchange IT system implementation plan complete.
		2012: Q1	Complete Final requirements documentation.		
Develop baseline system and complete testing of all system components.	MID Grant Staff, Comprehensive Health Insurance Risk Pool Association, IT Vendor	2012: Q1/Q2	1. Complete preliminary and interim development of baseline system. 2. Ensure compliance with business and design requirements.		IT system is fully tested and prepared for deployment.
		2012: Q3	Complete final development of baseline system including software, hardware, interfaces, code reviews, and unit-level testing.		
		2012: Q4	Complete testing of all system components including data, interfaces, performance, security, and infrastructure.		
		2013: Q3	Complete final user testing including testing of all interfaces.		
		2013: Q3 or pre-open enrollment.	1. Complete pre-operational readiness review to validate readiness of all system components. 2. Complete end-to- end		

			testing and security control validations.		
Prepare integrated exchange system for deployment.	MID Grant Staff, Comprehensive Health Insurance Risk Pool Association, IT Vendor	As early as mid-2013	1. Prepare and deploy all system components to production environment. 2. Obtain security accreditation.		Exchange IT system is properly secured, accredited, and officially opened for use.
Provide ongoing support to all systems components.	MID Grant Staff, Comprehensive Health Insurance Risk Pool Association, IT Vendor	2014	Support business operations and maintenance of all systems components.		Ongoing support is provided.

Financial Management

Task	Responsible Entity	Time Frame	Key Indicators to be Measured	Baseline Information	Anticipated Results
Establish a financial management structure and commit to hiring experienced accountants to support financial management activities	MID Grant Staff, Comprehensive Health Insurance Risk Pool Association, Exchange Advisory Committee, Exchange Implementation Consultants	09/01/2011 – 09/2012	Define the financial management structure and the scope of activities required to comply with requirements.		Financial management structure reviewed and established. Accountants retained. Necessary legislation regarding user-fees passed (if determined applicable).
			Develop a plan for hiring experienced accountants to support financial management activities of the Exchange, including responding to audit requests and inquiries of the Secretary and the GAO as needed.		
			Adhere to HHS financial monitoring activities carried out for the Planning Grant and under the Establishment Cooperative Agreement.		
			Begin defining financial management structure and the scope of activities		

			required to comply with requirements.		
			1. Develop a plan to ensure sufficient resources for ongoing operations. 2. Determine if legislation is necessary to assess user fees.		
			Assess adequacy of accounting and financial reporting systems.		
			Conduct a third party objective review of all systems of internal control.		

Oversight and Program Integrity

Task	Responsible Entity	Time Frame	Key Indicators to be Measured	Baseline Information	Anticipated Results
Ensure program integrity related to Federal and State funds utilized to start-up and operate the Exchange. Ensure steps are taken to prevent waste, fraud, and abuse.	MID Grant Staff, Comprehensive Health Insurance Risk Pool Association	09/01/2011 – 09/2012	Continue the planning process for the prevention of waste, fraud, and abuse related to the Exchange Planning and Exchange Establishment grants and to ensure program integrity.		Necessary staff/consultants hired. External audit procedures for the Exchange established. External auditors retained.
			Hire staff/consultants for oversight and program integrity functions.		
			Establish procedures for external audit by a qualified auditing entity for an independent financial audit of the Exchange.		

Health Insurance Market Reforms

Task	Responsible Entity	Time Frame	Key Indicators to be Measured	Baseline Information	Anticipated Results
Show progress implementing the health insurance market reforms that are set forth in Subtitles A and C of the Affordable Care Act.	Exchange Advisory Board	09/01/2011 – 09/2012	Implement steps for insurance market reforms: 1. Hold stakeholder consultations on health reform issues; 2. Implement necessary regulations for market reform.	Consultations held: 42 in-depth stakeholder interviews 2 small group discussion with business owners 2 small group discussions with brokers/agents	Health insurance market reforms are implemented through appropriate and accessible channels.
		09/01/2011 – 09/2012	Develop a plan for implementing the reforms and enforcing consumer protections.		

Assistance to State Residents

Task	Responsible Entity	Time Frame	Key Indicators to be Measured	Baseline Information	Anticipated Results
Determine what services to provide to State residents and how to provide certain services, including responding to requests for informational assistance, providing a toll free telephone hotline, and helping individuals with eligibility for Medicaid, CHIP, and applicable State programs.	MS Consumer Assistance Programs, Grant Project Staff, Comprehensive Health Insurance Risk Pool Association	2012	Coordinate with the existing consumer assistance programs for ombudsman activities.		Use data and information from ombudsman activities and existing consumer assistance programs as base for resident assistance and accountability plan. Establish resident assistance plan, including procedures for coverage appeals.
		2012	Analyze data from consumer assistance programs and report on plans for use of information to strengthen qualified health plan accountability and Exchange functions.		
		2012	Establish protocols for appeals of coverage determinations including review standards, timelines, and provision		

			of help to consumers during the appeals process.		
		2012	Draft scope of work for building capacity to handle coverage appeals functions.		
		2012	Continue to analyze data from consumer assistance programs and report on plans for use of information.		

Business Operations of the Exchange

Task	Responsible Entity	Time Frame	Key Indicators to be Measured	Baseline Information	Anticipated Results
Establish processes for certification, recertification, and decertification of qualified health plans.	MID, Comprehensive Health Insurance Risk Pool Association, Exchange Advisory Board, Consultants	2013: Q1	1. Begin developing standards based on the identified planning activities that will be required for certification of a qualified health plan. 2. Launch plan management and bid evaluation system to allow upload of qualified health plan bids and other required information.		Qualified health plan certification, recertification, and decertification processes are developed and established.
Establish Exchange call center.	MID, Comprehensive Health Insurance Risk Pool Association, Consumer Assistance Programs, IT Vendor	2013: Q3	1. Collaborate with existing consumer assistance programs to utilize existing hot line functionalities and staff. Explore other options for a fully operational call center. 2. Launch functionality and publicize number. 3. Prominently post call center information on the		Call center is developed and established.

			Exchange website.		
Establish Exchange website.	Comprehensive Health Insurance Risk Pool Association, Consultants	2012: Q4	Begin developing requirements related to online comparison QHPs.		Exchange website is developed and established with fully operational comparison tools.
		2012: Q4	Begin developing requirements related to online application and selection of QHPs.		
		2012: Q4	Begin developing the premium calculator.		
		2012: Q4	Solicit requests for assistance.		
		2012: Q4	Begin developing linkages to other State health/human services programs.		
		2012: Q4	Begin systems development.		
		2012: Q4	Submit content for informational website to HHS.		
		2012: Q4	Complete systems development and user testing of information website.		
		2013: Q1	Launch information website.		
		2013: Q1	Collect and verify plan data for comparison tool.		
		2013: Q3	Test comparison tool with consumers and stakeholders.		
		Before open enrollment	Launch comparison tool with pricing information but without online enrollment function.		
		As early as mid-2013	Launch functioning		

			comparison tool with pricing information and online enrollment functionality (first day of open enrollment).		
Establish Exchange quality rating system.	MID, Comprehensive Health Insurance Risk Pool Association, Exchange Advisory Board, Consultants		1. Utilize the Federal quality rating system developed by HHS in development of draft contract for QHPs. 2. Include quality rating functionality in system business requirements for the Exchange website. 3. Complete system development of quality rating functionality. 4. Complete testing and validation of quality rating functionality.		Exchange quality rating system is developed and established.
Establish Exchange Navigator program.	MID, Comprehensive Health Insurance Risk Pool Association, Exchange Advisory Board, Consultants	2013: Q2	1. Determine Navigator's role/responsibilities, including: determining eligibility, providing assistance with the filing of appeals and complaints, and providing information about consumer protections. 2. Conduct preliminary planning activities related to the Navigator program including developing high level milestones and timeframes. 3. Determine Navigator grantees and award contracts or grants.		Navigator program is developed and established. Navigator grantees are chosen and contracts/grants are awarded.
Address and evaluate each of the remaining minimum functions of	MID, Comprehensive Health Insurance Risk Pool Association,		1. Eligibility determinations for Exchange participation,		All minimum functions of an exchange are evaluated and developed, as

an Exchange.	Exchange Advisory Board, Consultants		advance payment of cost-sharing reductions and Medicaid. 2. Seamless eligibility and enrollment process with Medicaid and other State health programs. 3. Enrollment process. 4. Applications and notices. 5. Individual responsibility determinations. 6. Administration of premium tax credits and cost-sharing reductions. 7. Adjudication of appeals of eligibility determinations. 8. Notification and appeals of employer liability. 9. Information reporting to IRS and enrollees. 10. Outreach and education. 11. Free Choice Vouchers. 12. Risk adjustment and transitional reinsurance. 13. Small employer Exchange-specific functions.		determined necessary and appropriate by Comprehensive Health Insurance Risk Pool Association and MID.

E. MISSISSIPPI INSURANCE DEPARTMENT

EXCHANGE ESTABLISHMENT
LEVEL I TWELVE MONTH WORK PLAN

CORE AREA	2011-2012	2012	START DATE	END DATE	RESPONSIBLE ENTITY
1. **Background Research**	Utilize data analysis of the health insurance market in Mississippi.	No further research on the insurance market is anticipated at this time.	04/01/2011	9/30/2011	Exchange Planning Consultants
2. **Stakeholder Consultation**	• Continue stakeholder involvement by expanding participation to groups from all regions of the State through town hall meetings, regional focus group sessions, and surveys. • Establish Community Input Groups (CIGs) – Areas of Focus: ▪ Outreach and Education ▪ Choice and Transparency ▪ Federal Compliance ▪ Implementation and Oversight • Establish Technical Advisory Groups (TAGs) – Areas of Focus : ▪ Outreach and Education – Points of access – Driving adoption ▪ Choice and Transparency – Plan options – Decision support ▪ Implementation and Oversight – Public Program Integration (including churn management) – Resource management – Regulation • Conduct stakeholder focus group	• Provide to HHS a copy of the record or minutes where available from completed open stakeholder meetings. • Continue to implement and document Indian Tribal consultations aimed at soliciting Indian Tribal input on the establishment and operation of the Exchange.	05/15/2011	08/31/2012	MID Grant Staff, Exchange Study Committee, Exchange Planning Consultants, Implementation Consultants

	research sessions in two stages in order to continue to garner stakeholder input and feedback and provide in-depth user-experience feedback • Identify a process for consultation with federally recognized Indian Tribal governments regarding the establishment and operation of the Exchange.				
3. **Legislative/ Regulatory Action**	• Amendments to the Articles, Bylaws and Operating Rules of the Comprehensive Health Insurance Risk Pool Association establishing a Mississippi Health Insurance an Exchange were adopted by the Association and approved by the Mississippi Commissioner of Insurance.	• Provide assistance to the Comprehensive Health Insurance Risk Pool Association. • Develop additional rules and regulations to govern the Exchange that comply fully with State and Federal law.	01/01/2011	08/31/2012	MID Grant Project Director, MID Commissioner, Legal Consultants, Comprehensive Health Insurance Risk Pool Association
4. **Governance**	• The Exchange will be operated by the Comprehensive Health Insurance Risk Pool Association. • The Association Board will adopt a plan in accordance with its articles, bylaws and operating rules consistent with State and Federal requirements. • The Association shall determine any additional requirements to ensure: ▪ Public accountability ▪ Transparency ▪ Prevention of conflict of interest.	• Establish Exchange advisory board(s) and governance model. • Determine management team and staff sufficient to oversee the operations of the Exchange.	09/01/2011	08/31/2012	MID Grant Project Director, Legal Consultants, Comprehensive Health Insurance Risk Pool Association

5. **Program Integration**	• Complete a study to determine the most efficient way that the Exchange may collaborate with other Federal and State health programs. • Continue MID's communication with state health IT coordinators, the State Division of Medicaid and the State Department of Human Services, by holding regular collaborative meetings. • Identify challenges to the program integration process, strategies for mitigating these issues and timelines for completion. • Determine roles and responsibilities related to eligibility determination, verification and enrollment. • Devise a strategy for limiting adverse selection between the health insurance market inside and outside the Exchange and consider legislative changes as required. • Perform detailed business process documentation to reflect current State business processes and include future State process changes to support proposed Exchange operational requirements. • Execute an agreement that includes: ▪ Determination of the roles and responsibilities of the Exchange and MID as they relate to qualified health plans offered inside and outside of the Exchange.	Collaborate on procurement and development of Exchange and Medicaid IT systems needed to address eligibility determinations.	09/01/2011	08/31/2012	MID Grant Staff, Exchange Advisory Committee, Implementation Consultants, Comprehensive Health Insurance Risk Pool Association

	• Execute an agreement with the State Division of Medicaid, other applicable state health programs and other health and human services programs as appropriate, including but not limited to: ▪ Determination of the roles and responsibilities related to eligibility determination, verification, and enrollment strategies. ▪ Development of standard operating procedures for interactions between the Exchange and other applicable state programs' systems. ▪ Cost allocation between the Exchange grant, Medicaid Federal Financial Participation (FFP), and other funding streams as appropriate.				
6. Exchange IT Systems	• Conduct a gap analysis of existing systems; with the end goal for systems development being 2014. • Complete a review of product feasibility, viability, and alignment with Exchange program goals and objectives. • Develop a process to capture updates and changes to business and system requirements, development, testing, and implementation of Exchange IT systems. • Complete preliminary business requirements and develop an IT architectural and integration framework.	• Review IT gap analysis of existing systems, with the end goal for systems development by 2014. • Review Early Innovator models • Complete final requirements documentation (including System Design, Interface Control, Data Management, & Database Design). • Complete preliminary and interim development of a baseline system and review and ensure compliance with business and design requirements. • Complete final development of a baseline system including software, hardware, interfaces, code reviews,	02/15/2011	08/31/2012	MID Grant Staff, Comprehensive Health Insurance Risk Pool Association, Exchange Advisory Committee, IT Consultants

	• Complete Systems Development Life Cycle (SDLC) implementation plan. • Complete security risk assessment and release plan. • Complete preliminary detailed design and system requirements documentation (e.g. technical, design, etc.). • Finalize IT and integration architecture. Complete final business requirements and interim detailed design and system requirements documentation (e.g. technical, design, etc.).	and unit-level testing. • Complete testing of all system components including data, interfaces, performance, security, and infrastructure.			
7. **Financial Management**	• Define the financial management structure and the scope of activities required to comply with all State and Federal requirements. • Hire experienced accountants to support the financial management activities of the Exchange, including responding to audit requests and inquiries by MID, the Secretary, and the Government Accountability Office as needed. • Adhere to HHS financial monitoring activities carried out for the Planning Grant and under the Establishment Cooperative Agreement.	• Develop a plan to ensure sufficient resources to support ongoing operations. • Assess adequacy of accounting and financial reporting systems. • Conduct a third party objective review of all systems of internal control.	09/01/2011	08/31/2012	MID Grant Staff, Comprehensive Health Insurance Risk Pool Association, Executive Director, Exchange Advisory Committee, Consultants
8. **Oversight & Program Integrity**	• Continue planning for the prevention of waste, fraud, and abuse related to requirements of the Exchange Planning grant, the Exchange Establishment grant, and expenditures to ensure program integrity. • Hire staff or contract for oversight and program integrity functions.	Establish procedures for a qualified auditing entity to perform an independent external financial audit of the Exchange.	09/01/2011	08/31/2012	MID Grant Staff, Comprehensive Health Insurance Risk Pool Association

9. Health Insurance Market Reforms	Implement steps for health insurance market reforms.	Develop a plan for implementing reforms and enforcing consumer protections.	09/01/2011	08/31/2012	MID, Comprehensive Health Insurance Risk Pool Association, Exchange Advisory Board, Consultants
10. Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints	• Coordinate with the existing consumer assistance programs for ombudsman services. • Analyze data collected by consumer assistance programs and from stakeholder consultation meetings. • Report on plans for use of information to strengthen qualified health plan accountability and the functioning of the Exchange.	• Establish protocols for appeals of coverage determinations, including, but not limited to, review standards, timelines and assistance to consumers during the appeals process. • Develop the capacity to handle coverage appeals functions. • Continue to analyze data collected by consumer assistance programs and report on plans for use of said information to strengthen qualified health plan accountability and functioning of the Exchange.	09/01/2011	08/31/2012	MS Consumer Assistance Program, MID Grant Project Staff, Comprehensive Health Insurance Risk Pool Association
11. Navigator Program	Develop a Navigator program: • Sufficient to determine eligibility, assist with the filing of appeals and complaints and provide information about consumer protections; • Available and sufficient to help individuals determine eligibility for private and public coverage and facilitate enrollment in such coverage; • Available to assist in filing grievances and appeals. Conduct preliminary planning activities related to the Navigator program including developing high level milestones and timeframes for establishment of the program.	• Continue preliminary planning activities for and development of the Navigator program. • Develop regulations governing the Navigator program.	09/01/2011	08/31/2012	MID, Comprehensive Health Insurance Risk Pool Association, Exchange Advisory Board, Consultants

12. **Business Operations of the Exchange**	• Begin developing standards that will be required for certification of a qualified health plan. • Address the following minimum functions of an Exchange: ▪ Call Center; ▪ Exchange Website; ▪ Calculator; ▪ Quality Rating System; ▪ Navigator Program; ▪ Eligibility Determination; ▪ Enrollment Process; ▪ Applications and Notices; ▪ Individual Responsibility Determinations; ▪ Administration of available Tax Credits and Cost-sharing Reductions; ▪ Mediation and Notification of Appeals; ▪ IRS Reporting; ▪ Outreach and Education; ▪ Risk Adjustment; and ▪ Small Employer Exchange.	• Continue identifying and developing business operations that meet the needs of the State. All functions required by State and Federal law that apply to an Exchange will be addressed. • Develop rules and regulations governing essential benefits and the certification of qualified health plans. • Develop rules and regulations governing the quality rating system for the Exchange. • Develop rules and regulations covering eligibility determination and the enrollment process for the Exchange. • Develop a program for the Reinsurance and Risk Adjustment.	09/01/2011	08/31/2012	MID, Comprehensive Health Insurance Risk Pool Association, Exchange Advisory Board, Consultants
Call Center	Collaborate with current consumer assistance programs to utilize existing toll-free hotline functionalities and trained staff.	• Continue collaboration with interested parties and stakeholders. • Plan for and develop a fully-operational Exchange operated call center. • Explore other options to address employer assistance.			MID, MS Consumer Assistance Program, Comprehensive Health Insurance Risk Pool Association

Exchange Website and Calculator	Begin developing requirements for systems and program operations, including, but not limited to: • Requirements related to online comparison of qualified health plans; • Requirements related to online application and selection of qualified health plans; • Eligibility determinations; • Premium tax credit and cost-sharing reduction calculator functionality; • Requests for assistance; • Linkages to other state and/or federal health programs as appropriate; • Begin systems development; • Submit data to HHS for comment; and • Complete systems development and final user testing of website.				MID, Comprehensive Health Insurance Risk Pool Association, Exchange Advisory Board, Consultants
Quality Rating System	• Utilize the federal quality rating system developed by HHS for qualified health plans. • Include quality rating functionality in system business requirements for the Exchange website. • Complete system development of quality rating functionality. • Complete testing and validation of quality rating functionality.				MID, Comprehensive Health Insurance Risk Pool Association, Exchange Advisory Board, Consultants
Consumer and Employer Outreach	• Outreach and marketing methods and mediums will be identified during focus group sessions, surveys, and town hall meetings.	• Conduct user-experience research on individuals and employers post-development. • Outreach and education plans will be developed.	09/01/2011	08/31/2012	MID, Comprehensive Health Insurance Risk Pool Association, Exchange Advisory Board, Consultants

ATTACHMENT A

F. MID GRANT OPERATION BUDGET NARRATIVE-REVISED

MID is requesting $20,143,618 in grant funds for activities outlined in the Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchanges ("Cooperative Agreement"). MID and the Association are two distinct entities and will have separate costs associated with their individual roles and responsibilities. MID will serve as the grantee and provide oversight and management activities for the grant. The Association will establish and operate the Exchange for Mississippi.

MID will continue meeting with Medicaid and other health and human service programs' staff to better define roles and responsibilities. Options and recommendations on resource assessments, policy decisions, and operating procedures will be defined. The proposed budget is for a Level I award for one twelve (12) month period.

The estimated funding requirements are detailed as follows:

A. and B. Salaries, Wages, and Fringe Benefits

Total $___97,750_____

Exchange Establishment Grant $____97,750_____

Funding other than Establishment Grant $___182,250_____

The proposed budget includes $ 97,750 in Salaries, Wages, and Fringe Benefits for existing MID staff to devote a percentage of their time to conduct activities related to the establishment of an Exchange. MID Senior Staff Attorney, [redacted] will serve as the Grant Project Director and will devote 40% of his time overseeing Exchange establishment activities. The MID Fiscal Officer will devote 15% of her time to provide financial oversight of the cooperative agreement, requesting funds as needed and submitting the required financial reports. The Grant Project Administrative Assistant and the Grant Project Officer will each devote 40% of their time to this project. MID plans to hire a new Grant Project Officer who will devote 45% of their time to this project. The project officers will perform a variety of duties related to proposed grant activities including, but not limited to, planning and organizing town hall meetings and coordinating focus groups. All grant staff will work closely with the Mississippi Comprehensive Health Insurance Risk Pool Association and will coordinate activities and consultants on an as-needed basis. Fringe benefits are estimated to be 24% of the annual

salary for each employee. The organizational chart and job descriptions for each are attached. The following estimated MID staff salaries and benefits include:

Position Name & Title	Salary & Fringe Benefits Includes 24% fringe benefit rate	Percent Time	Other Funding Sources	Amount Requested
[redacted] Grant Project Director	[redacted]	40%	State General Funds	[redacted]
[redacted] Grant Project Administrative Assistant	[redacted]	40%	State General Funds	[redacted]
[redacted] Grant Financial Officer	[redacted]	15%	State General Funds	[redacted]
[redacted] Grant Project Officer	[redacted]	40%	State General Funds	[redacted]
Vacant, Grant Project Officer	[redacted]	45%	State General Funds	[redacted]
TOTAL				**$ 97,750**

C. Consultant Costs

All consultant fees will be included in the Contractual Services category of the budget listed below.

D. Equipment

Total $ 37,000
Exchange Establishment Grant $ 37,000
Funding other than Establishment Grant $

MID plans to purchase three laptop computers, a color printer, a projector and projection screen to be used by grant staff for stakeholder meetings, focus group sessions and meetings with the advisory board members. Recording and transcribing equipment will be used to record stakeholder meetings in order to provide a record of meetings to HHS. A Smart Board will be purchased and used extensively in the stakeholder and policy making meetings as MID and the Association progress in implementing the Exchange.

Item Requested	Amount	Unit Cost	Total
Laptop Computer	3	$ 2,500	$ 7,500
Color Printer & Supplies	1	$ 3,600	$ 3,600
Meeting Minutes Transcribing Equipment and Software	1	$10,900	$ 10,900
Smartboard	1	$ 8,500	$ 13,500
Projector & Screen	1	$ 1,500	$ 1,500
TOTAL			**$ 37,000**

E. Supplies

Total $ 7,700
Exchange Establishment Grant $ 7,700
Funding other than Establishment Grant $

Basic office supplies will be needed for grant staff and consultants. Specialty papers, binders, and report covers will be used for reports and materials used in stakeholder and Association meetings.

Item Requested	Amount	Unit Cost	Total
Monthly Office Supplies	6 people	$ 750	$ 4,500
Special papers, binders, report covers		$ 3,220	$ 3,200
TOTAL			**$ 7,700**

F. Travel
Staff Travel
(in-State and out-of-State)

Total $ 113,355
Exchange Establishment Grant $ 113,355
Funding other than Establishment Grant $

In-State Travel:

The Project Director and at least one Project Officer will travel to various areas of the State for regional stakeholder meetings. Mississippi has twelve (12) economic planning and development districts in the State. MID plans to conduct meetings in each of these districts to gain input regarding the Exchange and to generate support for Exchange implementation. Phase II town hall meetings, public awareness meetings, and additional focus group sessions are planned to gain public support. MID will use funds to facilitate meeting participation on the part of individuals and their families who have a disability or long-term illness. Additional staff and/or stakeholders may be required to participate in these meetings. An estimated 20 trips to local outreach sites for the project staff to monitor program implementation is also budgeted. MID projects that the below described travel will be conducted by staff to attend town hall meetings, public awareness meetings, and additional focus group sessions around the State:

TRIPS	COST & MILES	NUMBER OF PEOPLE	PER DIEM	OTHER	TOTALS
12 regional trips- 2 days each	350 miles avg. round trip @ $.51 mile= $178.50; Hotel $	4	$41	$20 day	$21,624

	150/night				
15 Phase II Town Hall meetings- 5 days, 6 nights	350 miles avg. round trip @ $.51 mile= $178.5; Hotel $ 150/night	4	$41	$20 day	$8,667
15 public awareness meetings- 2 days each	350 miles avg. round trip @ $.51 mile= $178.50; Hotel $ 150/night	4	$41	$20 day	$27,030
25 Local Area Meetings	80 miles round trip @ $.51 mile= $40.80	6			$ 6,120
TOTAL IN-STATE					**$63,441**

Out-of-State Travel:

National meetings provide an opportunity for in-person meetings with HHS staff and representatives from other states to share information and ideas. MID projects the following travel will be conducted by project staff to attend national meetings:

TRIPS	NUMBER OF PEOPLE	AVERAGE MILEAGE TO/FROM AIRPORT	AVERAGE AIRFARE	AVERAGE LODGING	AVERAGE GROUND TRANS.	PER DIEM	OTHER COSTS	TOTALS
HHS Grantee Meetings/ Conferences/ Workshops- 4	4 for 3 days	50 miles @ $.51/mile= $25.50x4 x 4 trips= $408	$850 x 4= $3400 x 4 trips=$13,600	$180/night= $1440 x 4 trips=$5760	$150 x 4= $600 x 4 trips=$2400	$46/day= $552 x 4 trips= $2208	$200 x 4= $800 x 4 trips=$3200	$27,576
NAIC Meetings- 3	2 for 4 days	50 miles @ $.51/mile= $25.50x2x 3 trips= $153	$850 x 2= $1700 x 3trips = $5100	$180/night= $1080 x 3 trips=$3240	$150 x 2= $300 x 3 trips=$900	$46/day= $368 x 3 trips= $1104	$200 x 2= $400 x 3 trips=$1200	$11,697
Exchange/State Meetings- 2	3 for 3 days	50 miles @ $.51/mile= $25.50x3 x 2 trips= $153	$850 x 3= $2550 x 2 trips=$5100	$180/night= $1080 x 2 trips=$2160	$150 x 3= $600 x 2 trips=$1200	$46/day= $414 x 2 trips= $828	$200 x 3= $600 x 2 trips=$1200	$10,641
TOTAL OUT-OF-STATE								**$49,914**

Other travel costs may include airport parking, baggage handling, meal and housekeeping tips

G. Other

Total $___0_____
Exchange Establishment Grant $__0_____
Funding other than Establishment Grant $__0_____

Mississippi does not code expenditures under the "Other" category. All expenditures not designated as equipment or supplies are identified as contractual services.

H. Contractual Costs

Total $ 19,887,813
Exchange Establishment Grant $ 19,887,813
Funding other than Establishment Grant $_____

The following is a **summary** of all MID Contractual Services:

MID Consulting Services	Grants Management and Oversight	$ 65,700
	Legal Services	$ 560,000
	Accounting and Auditing	$ 300,000
	Professional Services	$ 160,000
Sub awards	Mississippi Comprehensive Health Insurance Risk Pool Association	$ 16,898,000
	Community Exchange Development Programs	$ 1,480,000
Other MID Contractual Costs	Meetings Space & Equipment Rental-Average	$ 100,000
	Meetings Food Service-Average 100 people @ $50 each	$ 200,000
	Office Equipment Rental & Licenses	$ 60,000
	Travel for Association Board & Advisory Members, Focus Group Sessions	$ 3,825
	Teleconferencing (Audio and Web) Services	$ 8,400
	Advisory Board members per diem – 25 members	$ 45,000
	Office Space Rent- Office space for grant project staff 1,200 square feet total office space @ $ 14.00 sq. foot = $ 16,800 x 41% staff time= $6,888	$ 6,888
TOTAL		**$ 19,887,813**

CONSULTING SERVICES	CONSULTANT NAME	SERVICES	RELEVANCE	BASIS FOR FEE	RATE	OTHER EXPENSES	TOTAL
	[redacted]	Grants Management and Oversight	Critical for Federal and State accountability	55% of time= $57,200	$50/ hr.	Travel to 5 meetings- $1,700 X 5= $8,500	$65,700
	To be determined	Legal Consultants	Critical for policy development and oversight	1600 total billable hours	$350/hr.		$ 560,000

	To be determined	Accounting and Auditing	Critical for federal and state compliance	1,000 total hours (2 people)	$ 300 average/hr		$ 300,000
	To be determined	Exchange Consultants/ Facilitators	Facilitation for 40 decision-making meetings and consulting services	2 persons – 320 hours	$250 average /hr		$ 160,000
	TOTAL						$ 1,085,700

Included in Mississippi's budget are fees for consulting services separate from the above personnel costs. MID recognizes that in light of the two HHS grants that it has already received, its capacity to oversee multiple grant funding streams could be limited with the addition of this new application. MID has decided to retain professional services to ensure that these multiple funding streams are maintained and accounted for separately and in compliance with reporting requirements. Said consultant was hired in April, 2011, to perform grants management, oversight, and reporting activities and will devote 55% of her time to this project. The consultant will maintain data on the Cooperative Agreement activities, accomplishments and lessons learned in order to prepare and submit the required project reports to HHS. The following consultant has been hired to provide grants management and oversight:

After MID receives the subject award, the procurement process for the contractual services may be initiated. These consultants will only provide services to MID. MID will retain responsibility for all policy-making, as well as rule-making and regulatory functions of the Exchange. In that role, MID will require the services of competent outside legal counsel, independent of the Association. It is anticipated that MID's legal expenses will include, but not be limited to, effort in connection with the following:

- Necessary legal counsel to the Insurance Commissioner and MID staff regarding compliance with all requirements of the Patient Protection and Affordable Care Act as it relates to the establishment and implementation of the State's Health Insurance Exchange;
- Development of necessary policies to govern the Exchange that comply with state and federal law;
- Development of additional rules and regulations to govern Exchange that comply with state and federal law;
- Necessary legal counsel to the Insurance Commissioner with regard to and independent legal review as needed of proposals from the Association regarding amendments to its Articles, Bylaws and Operating Rules related to the establishment and operation of the Exchange;
- Necessary legal counsel to the Insurance Commissioner with regard to the future appointment of members of the board of the Association in order to comply with all governance/conflict of issue rules and regulations;

- Necessary legal counsel to MID and assistance as needed in consultation and negotiations with federally recognized Indian Tribal governments regarding establishment and operation of the Exchange;
- Necessary legal counsel and assistance to MID in negotiation and drafting of agreements to define roles and responsibilities of MID and the Association relating to qualified health plans (QHPs) to be offered in the Exchange;
- Necessary legal counsel and assistance to MID in negotiation and drafting of agreements with Mississippi Medicaid, other state health programs, and HHS programs, related to defining roles and responsibilities of all entities related to eligibility determination, verification and enrollment strategies, development of standard operating procedures for interactions between the Exchange and other state programs' systems, and all appropriate cost allocations between the Exchange and Medicaid or other funding entities;
- Necessary legal counsel regarding prevention of waste, fraud and abuse related to the Exchange Planning grant and the Exchange Establishment grant.

It is estimated that 1600 billable hours will be required for the legal services for MID. These services are separate from and not a duplication of the Association's costs for legal services.

Accounting and auditing services will provide MID with the financial expertise and oversight for this funding opportunity. These services are separate from and not a duplication of the Association's costs for financial management. It is anticipated that MID's accounting/audit expenses will include, but not be limited to, effort in connection with the following:

- Performance of required annual audits of MID's use of all Exchange grant funds;
- Provide assistance to MID with preparation of quarterly reports related to establishment and operation of Exchange;
- Assist MID with evaluation and analysis of fund requests received from the Association related to the Exchange;
- Participate in and assist MID with granting/denying fund requests received from the Association related to the Exchange.

MID will need professional consulting services separate from the Association regarding policy issues. MID anticipates that several meetings involving key decision-makers will be held as implementation progresses. A consultant/facilitator for these meetings has been accounted for in this budget. This consulting firm will also be asked to consult MID on a vast array of policy issues including, but not limited to, stakeholder involvement, plan design, rate review, adverse selection, essential benefits, qualified health plan development and navigator program development.

MID plans to administer a portion of the subject federal funds on a *sub-award* basis for community exchange development programs and the Association. Four regional community exchange development programs will be implemented to provide assistance to Mississippians throughout the State. The regional programs will be located in rural areas in order to reach as many of the citizens as possible to provide this valuable service. Each program will have a staff of one program manager, one outreach coordinator, and two counselors. Detailed budgets for the consumer assistance programs are attached hereto as Attachment "E" and for the Association are attached hereto as Attachment "B".

SUB-AWARD	SERVICES	RELEVANCE	BASIS FOR FEE	TOTAL
Mississippi Comprehensive Health Insurance Risk Pool Association	Exchange Establishment Activities	Critical for State implementation	See attached Association Budget Narrative	**$ 16,898,000**
Community Exchange Development Program- Each program with a Staff of 4 people= $370,000	Initial assistance to individuals	Critical for health insurance education and initial outreach	See attached Consumer Assistance Budget Narrative	**$ 1,480,000**

Additional Contractual Costs:

Mississippi includes items identified in the funding opportunity in the "Other" category as expenditures in contractual services. In order to accurately report expenditures and request funds, MID has included the following in this budget category:

Item Requested	Amount	Unit Cost	Total
Meetings Space & Equipment Rental-Average	40 meetings	$ 2,500	$ 100,000
Meetings Food Service-Average 100 people @ $50 each	40 meetings	$ 5,000	$ 200,000
Office Equipment Rental & Licenses	12 months	$ 5,000	$ 60,000
Travel for Association Board & Advisory Members, Focus Group Sessions	50	150 miles round trip @ $.51/mile= $76.50	$ 3,825
Teleconferencing (Audio and Web) Services	12 months	$700	$ 8,400
Advisory Board members per diem – 25 members	12 meetings	$150	$ 45,000

Office Space Rent- Office space for grant project staff 1,200 square feet total office space @ $ 14.00 sq. foot = $ 16,800 x 41% staff time= $6,888	1,200 sq. ft	$14.00/sq. ft (41% time)	6,888
TOTAL			**$ 424,113**

MID only has one third-party contract in place at this time. MID will submit to HHS the required information establishing a third-party contract to perform this program's activities once the third-parties are identified and selected.

Required Information for Contract Approval:

1. Name of Contractor: Liz Barnett
2. Method of Selection: Extensive prior federal grant experience
3. Period of Performance: April 1, 2011- August 30, 2012
4. Scope of Work: Grants Management, Oversight and Reporting
5. Method of Accountability: Project time allocation, monthly activities reports and project deliverables
6. Itemized Budget and Justification: Contract agreement of $ 50 hourly fee for services

I. Total Direct Costs $_20,143,618_ **J. Indirect Costs $____0_____**

ATTACHMENT B

MISSISSIPPI COMPREHENSIVE HEALTH INSURANCE RISK POOL ASSOCIATION

BUDGET NARRATIVE-REVISED

The Mississippi Comprehensive Health Insurance Risk Pool Association ("Association"), a nonprofit legal entity, will establish and operate the Exchange for Mississippi. MID also plans to administer a portion of the subject federal funds on a *sub-award* basis to the Association to conduct all reasonable administrative activities necessary to establish an Exchange. The Association will make programmatic decisions, meet specific program objectives through performance measures as stipulated in the grant, and comply with all applicable HHS requirements. MID will monitor the subrecipient's performance against goals and performance standards outlined in a consortium agreement with the Association. MID estimates that the Association will need the following travel, equipment and supplies to provide daily office support for a project executive director, administrative assistant and its consultants. MID estimates that for this twelve (12) month period only, the Association will require an initial staff of two persons to conduct Exchange implementation activities as outlined in this grant application. These staff members will operate in conjunction with all vendors and consultants hired to assist in the implementation of an Exchange.

SUB-AWARD	SERVICES	RELEVANCE	BASIS FOR FEE	TOTAL
Mississippi Comprehensive Health Insurance Risk Pool Association	Exchange Establishment Activities	Critical for State implementation	See Budgets Below	**$ 16,898,000**

ADMINISTRATIVE COSTS (Includes 30% fringe benefit rate)	Exchange Executive Director Salary	$ [redacted]
	Administrative Assistant Salary	$ [redacted]
TRAVEL	20 In-state and 5 Out-of-state meetings	$ 25,000
EQUIPMENT	4 Computers & Printers=$20,000 4 Desks-$6,000, 4 Bookcases-$800, 4 Chairs-$1,400, 6 File Cabinets-$1,500, 8 Side Chairs-$800, Conference Table & 8 Chairs-$ 5,500= $16,000	$ 36,000
SUPPLIES	General Office Supplies, Printing & Postage	$ 10,000

EQUIPMENT RENTAL & LICENSES	Copier, phones, fax, software	$ 20,000
TOTAL		**$ 331,000**

CONTRACTUAL		
Legal	1800 billable hours @ $300/hour	$ 540,000
Accounting & Audit	1040 hours each @ $300/hour	$ 312,000
IT and other Staff Services	4 people- 1040 hours each @ $150/hour	$ 624,000
Consulting Services- Implementation guidance, IT consulting, project management, evaluation, reporting	$300 average/hour Travel- 3 trips @ $3,000 each= $9,000 4 people-1,560 hours total @ $ 300/hour	$ 477,000
Consulting Services-Stakeholder consultation/engagement- Pre-establishment activities	• 2 people- 800 hours total @ $300/hour= $240,000 • Travel- 6 trips @ $3,000 each= $18,000 • 6 Statewide meetings with Community Input Groups and Technical Advisory Groups + Travel- 20, 2-day town hall, focus group meetings @ $ 7500= $150,000	$ 408,000
Consulting Services- Post-development User-experience outreach, education, and market research (Surveys, focus groups, research)	• 4 people- 2,040 hours total @ $300/hour= $612,000 • Travel 3 trips @ $ 6,000 each= $18,000 • 5 regional focus group sessions = $5,000	$ 635,000
Communications Consultants	Outreach and Education Plan	$ 1,500,000
Office Space Rent- Office space for grant project staff 1,800 square feet total office space @ $ 20.00 sq. foot = $36,000		$ 36,000
TOTAL		**$ 4,532,000**

The above contractual services are for legal, accounting, and consulting services for outreach and communications experts. The Association will be exclusively responsible for selecting, negotiating, and contracting with all needed outside vendors and contractors to provide various Exchange-related services. Because the largest part of the Exchange's operations will be implemented by outside vendors, a significant portion of the legal expenses anticipated to be incurred by the Association will be related to this function. The Association's needs for legal counsel will, however, extend well beyond contract negotiation and drafting. It is anticipated that the Association's legal expenses will include, but not be limited to, efforts in connection with the following:

- Providing legal counsel to Executive Director and board of directors regarding all facets of the health insurance Exchange and as requested by Executive Director or board of directors;
- Preparation of business plan for performing exchange functions;
- Preparation of necessary amendments to Association governing documents, including but not limited to Amended and Restated Articles, Bylaws and Operating Rules;
- Development, if necessary, of governance model that conforms to requirements of PPACA and HHS regulations;
- Development of procedures to ensure public accountability and transparency of Exchange and governing body;
- Determination of most efficient way to work with other federal and state health programs regarding exchange functions;
- Preparation, review and negotiation of any agreement with Medicaid;
- Preparation, review and negotiation of agreements with vendors for performance of exchange functions;
- Assist in the preparation of Requests for Proposals ("RFPs") to provide exchange functions;
- Assist in reviewing/evaluating responses to RFPs;
- Development of process for certification, recertification and decertification of qualified health plans;
- Establishment of call center;
- Establishment of website;
- Establishment of quality rating system;
- Establishment of navigator program;
- Establishment of protocols for appeals of coverage determinations;
- Development of a program for reinsurance and risk adjustment;
- Development of a complete budget through 2014;
- Development of a plan discussing financial sustainability by 2015;
- Development of a plan outlining steps to prevent fraud, waste and abuse; and
- Development of a plan describing how capacity for providing assistance to individuals and small businesses in Mississippi will be created, continued, and/or expanded.

It is anticipated that the Association's accounting/audit expenses will include, but not be limited to, effort in connection with the following:

- Performance of statutorily required annual audit of Association's use of all Exchange funds;
- Performance of additional required auditing, testing and issuance of reports for applicable FASB and Audit Circular pronouncements;
- Assist in development of accounting procedures related to monitoring and oversight of Exchange;
- Prepare financial statement related to the Exchange;
- Providing assistance to Association with preparation and submission of requests for funds from MID for establishment and operation of Exchange.

The estimates for the other contractual consulting services are for the following:

- The $477,000 for Consulting Services for implementation guidance, IT consulting, project management, evaluation, and reporting will provide assistance to the Association as it begins its Exchange implementation process. The IT consulting services include designing a scope of work for all major IT design elements required by HHS and the State for Exchange implementation. Consultants will search for and leverage existing resources and technologies in both the public and private sectors in order to deliver all IT components required for the Exchange. Consultants will assist the Association by providing expertise and practical insight on its procurement process to secure the vendors and technologies necessary to fill any technological needs.
- The $408,000 for Stakeholder consultation/engagement will target two community groups (Community Input Groups and Technical Advisory Groups) and will focus on the following areas for gathering stakeholder input for pre-implementation activities:
    - Community Input Groups (CIGs) – Areas of Focus
        - Outreach and Education
        - Choice and Transparency
        - Federal Compliance
        - Implementation and Oversight
    - Technical Advisory Groups (TAGs) – Areas of Focus
        - Outreach and Education
            - Points of access
            - Driving adoption
        - Choice and Transparency
            - Plan options
            - Decision support
        - Federal Compliance
            - Mississippi Health Benefit Exchange
            - Mississippi Small Employer Exchange
        - Implementation and Oversight
            - Public Program Integration (including churn management)
            - Resource management
            - Regulation

- The $635,000 for Consulting Services for user-experience outreach, education, and market research for post-development activities include:

    - Surveys and in-depth interviews and focus groups with small businesses and individuals to gather initial feedback on the user-experience;
    - User testing and feedback;
    - User experience optimization;
    - Outreach and market testing;
    - A step-by-step plan for increasing Exchange participation; and
    - Resources and capabilities gap analysis.

- Communications experts will be needed to plan and develop a comprehensive outreach and education campaign for the roll-out of the Exchange. These outreach efforts are critical to the success of the Exchange in Mississippi due to the State's diverse needs by region, ethnicity, and socioeconomic status. Mississippi plans to use a variety of mediums to reach its general and rural population.

- Mississippi is planning to initially limit the number of Association administrative office staff for the Exchange and contract for additional services as needed.

The Association will issue a Request for Proposals ("RFP") for the procurement process for the development of a customized web portal and required Exchange functions. MID and the Association have estimated **$12,035,000** for the information technology development. These funds will be transferred from MID to the Association as a part of the sub-grant award on an as needed basis. The costs for the Information Technology are provided separately and attached hereto as Attachment "C".

ATTACHMENT C

INFORMATION TECHNOLOGY BUDGET-REVISED

MID and the Association have estimated the following **$12,035,000** for the development of a customized web portal and required Exchange functions. These funds will be transferred from MID to the Association as a sub-grant on an as needed basis.

MID has identified, where appropriate and necessary, the costs associated with the "Cost Allocation" requirements outlined in the Guidance for Exchange and Medicaid Information Technology (IT) Systems V 2.0 released May, 2011. Further cost allocation will be determined once the selected vendor identifies the specific costs associated with the shared system functions.

To determine specific costs associated with the development of the Exchange, MID engaged a vendor that is currently running an industry-recognized individual health plan comparison and plan selection website. In addition, MID also engaged a leading health reform firm to determine the IT costs below. This firm worked with an industry leading enterprise systems integrator and information technology firm to ascertain specific costs associated with specific functions of the Exchange identified below. These reports were created independently and were compiled by MID once completed. The findings of the reports regarding total costs were significantly similar. A Request for Proposals ("RFP") will be issued for the procurement process to select a vendor with an existing product for the following information technology services and functions:

PORTAL	
FUNCTION	**ESTIMATED COSTS**
PORTAL	
Web Site Development: • Development of a web site that provides a single access point for information and enrollment. • Includes the online service that allows direct input and interface from other systems for population of the single, streamlined application required under section 1413 of Affordable Care Act.	$230,000

Eligibility Determination: • Provide information on Medicaid and CHIP and determination of eligibility for applicants. This includes the system that contains and applies the rules associated with eligibility for individuals covered by MAGI. • Includes functionality and processing logic to register, define, classify, and manage the rules; verify consistency of rules definitions; define the relationship between different rules; and relate some rules to IT applications that are affected or need to enforce these rules for such purposes as adjudicating eligibility based on MAGI or supporting workflow for the resolution of discrepancies. • Includes communications to applicants concerning results of determination, including if applicable, notice of referral to Medicaid for applicants who may be eligible on a basis other than MAGI.	$0
Calculator: Allow applicants to determine the actual cost of coverage, taking into account all cost sharing reductions for which they are eligible.	$110,000
Health Plans & Quotes: Present plan benefit options in a standardized format. Includes consumer decision support tools to assist applicants in choosing a plan that best fits their needs or the needs of their family.	$60,000
Quality Rating: Assign price and quality rating to each plan offered in the Exchange	$450,000
Enrollment: Enroll individuals in commercial or public program health plans and services.	$0
Includes assurance for disaster recovery capabilities and security provisions and privacy for the system and data in compliance with all applicable Federal and State security and privacy laws and regulations.	$120,000
TOTAL	**$970,000**

HHS INTERFACE REQUIREMENTS	
FUNCTION	**ESTIMATED COSTS**
Data Services HUB integrations: Development related to building an interface with the Federal Data Services HUB.	$1,000,000
Risk Mitigation: Includes the development of a risk adjustment mechanism/program as well as a reinsurance mechanism/program.	$1,350,000
TOTAL	**$2,350,000**

SMALL BUSINESS	
FUNCTION	**ESTIMATED COSTS**
Employer Sign-up: Determines employer eligibility and allows employers to enter employee census data for enrollment and eligibility determination.	$250,000
Payroll-Paycheck Integrating Services: Development of premium collection, reconciliation, and premium disbursements.	$250,000
Employer Contributions: Development of the functions necessary to facilitate invoicing and billing.	$150,000
Enrollment: Development of the functions necessary to facilitate employee enrollment.	$900,000
Employee Sign-up	$300,000
Plan Normalization & Quoting: Present plan benefit options in a standardized format. Includes consumer decision support tools to assist applicants in choosing a plan that best fits their needs or the needs of their family.	$250,000
Employer Portal: Development of the administration functions to allow employers to update their employee census.	$300,000
TOTAL	**$2,400,000**

BUSINESS OPERATIONS	
FUNCTION	**ESTIMATED COSTS**
Plan Certification: Certify, recertify and decertify health insurance plans as "qualified" health plans to be offered through the Exchange.	$550,000
Member Management: Includes the electronic case file containing all the information supplied by the applicant, electronic returns/verifications, eligibility determinations and enrollment information, notices, and notes from the discrepancy resolution process, ready to transfer for ownership to the appropriate program.	$0
Carrier Help Desk	$200,000
Exemption Management: Certify individuals who may be exempt from the individual responsibility requirement.	$100,000
Contract Support	$150,000
Policy Management	$150,000
TOTAL	**$1,150,000**

FINANCIAL MANAGEMENT	
FUNCTION	**ESTIMATED COSTS**
Budget	$120,000
Assessment Fees	$120,000
Accounting Integration	$200,000
Audit and Oversight of all functions	$95,000
Payment Flows	$250,000
Banking Fees	$30,000
TOTAL	**$815,000**

CUSTOMER SUPPORT	
FUNCTION	**ESTIMATED COSTS**
Hotline/ Call Center Planning: Provides assistance to applicants in completing online or paper applications, support call centers, and related applications	$650,000
Disaster Recovery Planning	$650,000
Education/Marketing Outreach Coordination: Includes the interfaces to community assisters or other outreach organizations.	$300,000
TOTAL	**$1,600,000**

CHURN MANAGEMENT	
FUNCTION	**ESTIMATED COSTS**
Rule Development	$0
Rule Implementation	$0
Carrier Integration	$0
TOTAL	**$0**

GOVERNANCE	
FUNCTION	**ESTIMATED COSTS**
Formation and Structure	$200,000
Audit (Financial Oversight) ensuring public accountability and transparency	$100,000
Reporting to HHS	$125,000
Project Management	$125,000
TOTAL	**$550,000**

COMPLIANCE	
FUNCTION	**ESTIMATED COSTS**
Carrier Data	$250,000
HHS Reporting	$250,000
Broker Licensure	$150,000
Training	300,000
TOTAL	**$950,000**

BROKER MANAGEMENT	
FUNCTION	**ESTIMATED COSTS**
Planning and Set-up Costs	$350,000
Management and Reporting	200,000
TOTAL	**$550,000**

STAKEHOLDER CONSULTATION	
FUNCTION	**ESTIMATED COSTS**
Participation	$500,000
Management and Reporting	200,000
TOTAL	**$700,000**
TOTAL IT VENDOR COSTS	**$12,035,000**

ATTACHMENT D

MISSISSIPPI

BUDGET REQUEST BY CORE AREA-REVISED

MID and the Association will perform activities related to the Core Areas outlined in the Project Work Plan. The IT vendor will also incur costs across all Core Areas as the Exchange is developed. In order to estimate the costs for each Core Area, MID determined a percentage of its estimated costs for each budget category and allocated the amount to each Core Area. The percentages were first applied evenly for each area, then further adjusted as each area was considered separately.

The Association costs were allocated in the same manner for each Core Area. The IT vendor budget depicts the costs associated with the various functions of an Exchange outlined in the IT vendor budget. Please note that all of the Association costs and the IT vendor costs are included in MID's total contractual budget category on the SF 424-A form for the requested grant funds.

These costs are only estimates and may vary as activities in each of the Core Areas are conducted by MID, the Association, and the IT vendor. The following costs are estimated for each Core Area to fund proposed activities for the Exchange Establishment Cooperative Agreement:

STAKEHOLDER CONSULTATION

1. TOTAL COST:			**$1,906,153**
2. FIXED: $		VARIABLE:	$1,906,153
3. COST BY OBJECT CLASS			
MID SALARIES AND FRINGE BENEFITS ALLOCATION		$ 9,772	
MID TRAVEL ALLOCATION		$ 65,391	
MID EQUIPMENT ALLOCATION		$ 2,700	
MID SUPPLIES ALLOCATION		$ 770	
MID CONSULTANTS ALLOCATION (Legal, Accounting/Audit, Professional Services, Grant Management) **MID CONSULTANTS** Legal Consultants $56,000.00 Grants Management $7,300.00 Accounting/Auditing Consultants $33,000.00 TOTAL $96,300.00		$ 96,300	
Teleconferencing $840 Advisory Board Per Diem $5,000 Advisory Board Travel $590 MID Office Equipment Rental $6,000 MID Office Space $680 TOTAL $243,110		$243,110	
Mississippi Comprehensive Health Insurance Risk Pool Association Allocation of Administrative Costs, Travel, Equipment, Supplies **ASSOCIATION ADMINISTRATIVE COSTS** Association Salaries & Fringe Benefits $26,000 Travel $3,000 Equipment $4,000 Supplies $1,410 Equipment Rental & Licenses $2,000 TOTAL $36,410		$36,410	

Mississippi Comprehensive Health Insurance Risk Pool Association Allocation of Consultant Costs (Legal, Accounting/Audit, Implementation Guidance, User Experience, Communications), IT Staff and Other Staff Services and Other Contractual Costs (Office Space)		
Stakeholder Consultation/Engagement	$408,000	
Implementation Consultants	$0	
Accounting/Audit	$25,000	
IT Staff and Other Staff Services	$0	
User Experience Consultants	$8,000	
Communications Consultants	$75,000	
Office Rent	$235,700	
TOTAL	$751,700	
		$751,700
IT Vendor Allocation Participation, Management and Reporting		$700,000
4. PERCENT REQUESTED BY EXCHANGE ESTABLISHMENT GRANT		100%
5. PERCENT REQUESTED BY ANOTHER SOURCE		0%
6. ASSUMPTIONS- See Budget Narrative		
Phase II Town Hall meetings and additional focus group sessions conducted by research consultants, analysis and follow-up reports		
Possible follow-up meetings		
All are variable costs at this time.		
TOTAL		**$1,906,153**

Mississippi will undertake multi-faceted outreach to inform the public of its services and will work closely with a variety of stakeholders including, but not limited to advocates for consumers, patients, employees, unemployed individuals, self employed individuals, and other consumers likely to be Exchange enrollees. MID and the Association will work together to conduct Phase II Town Hall meetings, additional focus group sessions, and possible follow-up meetings. MID and the Association will also conduct meetings with Medicaid, Human Services, and other State programs.

The Association will target two community groups (Community Input Groups and Technical Advisory Groups) to focus on areas for gathering stakeholder input for pre-implementation activities and for user-experience post-development activities outlined in detail in the project narrative.

The IT vendor will incur costs associated with stakeholder participation, management, and reporting.

LEGISLATIVE/REGULATORY ACTION

1. TOTAL COST:		**$135,178**
2. FIXED: $	VARIABLE:	$135,178
3. COST BY OBJECT CLASS		
MID SALARIES AND FRINGE BENEFITS ALLOCATION	$ 4,888	
MID TRAVEL ALLOCATION		
MID EQUIPMENT ALLOCATION	$ 2,000	
MID SUPPLIES ALLOCATION	$ 770	
MID CONSULTANTS ALLOCATION (Legal, Accounting/Audit, Professional Services, Grant Management) **MID CONSULTANT SERVICES** Legal Consultants $110,000 Grants Management $0 Accounting/Auditing Consultants $0 TOTAL $110,000	$ 110,000	
MID OTHER CONTRACTUAL Meetings Space Rental $10,000 Meetings Food Servies $0 Teleconferencing $840 Advisory Board Per Diem $0 Advisory Board Travel $0 MID Office Equipment Rental $6,000 Office Space $680 TOTAL $17,520	$ 17,520	
Mississippi Comprehensive Health Insurance Risk Pool Association Allocation of Administrative Costs, Travel, Equipment, Supplies **ASSOCIATION ADMINISTRATIVE COSTS** Association Salaries & Fringe Benefits Travel Equipment Supplies Equipment Rental & Licenses TOTAL $0.00	$0.00	

Mississippi Comprehensive Health Insurance Risk Pool Association
Allocation of Consultant Costs (Legal, Accounting/Audit, Implementation Guidance, User Experience, Communications), IT Staff and Other Staff Services and Other Contractual Costs (Office Space)

ASSOCIATION CONTRACTUAL

Implementation Guidance	
Legal	
Accounting/Audit	
IT Staff and Other Staff Services	
User Experience Consultants	
Communications Consultants	
Office Rent	
TOTAL	$0.00

	$0.00	
IT Vendor Allocation	$0.00	
4. PERCENT REQUESTED BY EXCHANGE ESTABLISHMENT GRANT	100%	
5. PERCENT REQUESTED BY ANOTHER SOURCE	0%	
6. ASSUMPTIONS- See Budget Narrative		
All are variable costs at this time.		
TOTAL	**$135,178**	

Section 1321(b)(1) of the Affordable Care Act requires that by January 1, 2014, a State that elects to establish an Exchange must adopt and have in effect the Federal standards for Exchanges that will be issued by HHS or that the State have in effect a State law, regulation, or other legal mechanism, that implements these standards. Mississippi has determined that it has the necessary legal authority to establish and operate an Exchange.

The Mississippi Comprehensive Health Insurance Risk Pool Association ("Association"), a non-profit legal entity, will establish and operate the Exchange for Mississippi. The Association has taken formal action to amend its Articles in order to provide for the Exchange function.

MID anticipates minimal costs will be required for this core area for any legal services and meetings that may be required. No costs for the Association were included for this core area.

GOVERNANCE

1. TOTAL COST:			**$1,423,533**
2. FIXED: $		VARIABLE:	$1,423,533
3. COST BY OBJECT CLASS			
MID SALARIES AND FRINGE BENEFITS ALLOCATION		$ 19,550	
MID TRAVEL ALLOCATION		$ 9,983	
MID EQUIPMENT ALLOCATION		$ 7,400	
MID SUPPLIES ALLOCATION		$ 770	
MID CONSULTANTS ALLOCATION (Legal, Accounting/Audit, Professional Services, Grant Management) **MID CONSULTANTS** Legal Consultants $224,000 Grants Management $7,300 Professional Services $80,000 Accounting/Auditing Consultants $33,000 TOTAL $344,300		$ 344,300	
MID OTHER CONTRACTUAL Meetings Space Rental $10,000 Teleconferencing $840 Advisory Board Per Diem $5,000 Advisory Board Travel $1,090 MID Office Equipment Rental $6,000 MID Office Rent $680 TOTAL $23,610		$ 23,610	
Mississippi Comprehensive Health Insurance Risk Pool Association Allocation of Administrative Costs, Travel, Equipment, Supplies **ASSOCIATION ADMINISTRATIVE COSTS** Association Salaries & Fringe Benefits $26,000 Travel $6,000 Equipment $4,000 Supplies $1,720 Equipment Rental & Licenses $2,000 TOTAL $39,720		$ 39,720	

Mississippi Comprehensive Health Insurance Risk Pool Association Allocation of Consultant Costs (Legal, Accounting/Audit, Implementation Guidance, User Experience, Communications), IT Staff and Other Staff Services and Other Contractual Costs (Office Space) **ASSOCIATION CONTRACTUAL** Implementation Guidance $125,000 Legal $150,200 Accounting/Audit $35,000 IT Staff and Other Staff Services $25,000 User Experience Consultants $15,000 Communications Consultants $72,000 Office Rent $6,000 TOTAL $428,200	$428,200	
IT Vendor Allocation Formation and Structure, Financial Oversight, Reporting to HHS, Project Management	$550,000	
4. PERCENT REQUESTED BY EXCHANGE ESTABLISHMENT GRANT	100%	
5. PERCENT REQUESTED BY ANOTHER SOURCE	0%	
6. ASSUMPTIONS- See Budget Narrative		
All are variable costs at this time.		
TOTAL	**$1,423,533**	

Each Exchange must have in place a governance structure that conforms to the requirements of the Affordable Care Act and the regulations. Section 1311(d)(1) provides States with the option of establishing an Exchange within an existing State agency, within a new or existing quasi-governmental entity, or as a separate non-profit.

The Mississippi Comprehensive Health Insurance Risk Pool Association ("Association"), a non-profit legal entity, will establish and operate the Exchange for Mississippi. The Association has taken formal action to amend its Articles in order to provide for the Exchange function. The Association has over twenty (20) years of demonstrated experience in the individual and small group health insurance markets and in health benefits coverage.

Costs were estimated for MID and the Association to coordinate activities to ensure the Exchange is publicly accountable, transparent, and has technically competent leadership and staff with the capacity and authority to take actions necessary to meet Federal standards.

The IT vendor will incur costs associated with project management, financial oversight, and reporting.

EXCHANGE IT SYSTEMS

1. TOTAL COST:		$1,345,924
2. FIXED: $	VARIABLE:	$1,345,924
3. COST BY OBJECT CLASS		
MID SALARIES AND FRINGE BENEFITS ALLOCATION	$ 4,888	
MID TRAVEL ALLOCATION	$ 4,496	
MID EQUIPMENT ALLOCATION	$ 2,850	
MID SUPPLIES ALLOCATION	$ 770	
MID CONSULTANTS ALLOCATION (Legal, Accounting/Audit, Professional Services, Grant Management) **MID CONSULTANTS** Legal Consultants $0 Grants Management $7,300 Accounting/Auditing Consultants $33,000 TOTAL $40,300	$ 40,300	
MID OTHER CONTRACTUAL Meetings Space Rental $10,000 Meetings Food Servies $0 Teleconferencing $840 Advisory Board Per Diem $5,000 Advisory Board Travel $290 MID Office Equipment Rental $6,000 MID Office Rent $680 TOTAL $22,810	$ 22,810	
Mississippi Comprehensive Health Insurance Risk Pool Association Allocation of Administrative Costs, Travel, Equipment, Supplies **ASSOCIATION ADMINISTRATIVE COSTS** Association Salaries & Fringe Benefits $26,000 Travel $3,000 Equipment $4,000 Supplies $1,410 Equipment Rental & Licenses $2,000 TOTAL $36,410	$ 36,410	

Mississippi Comprehensive Health Insurance Risk Pool Association Allocation of Consultant Costs (Legal, Accounting/Audit, Implementation Guidance, User Experience, Communications), IT Staff and Other Staff Services and Other Contractual Costs (Office Space)		
Implementation Guidance	$25,000	
Legal	$25,000	
Accounting/Audit	$5,000	
IT Staff and Other Staff Services	$120,000	
User Experience Consultants	$25,000	
Communications Consultants	$56,400	
Office Rent	$7,000	
TOTAL	$263,400	
	$263,400	
IT Vendor Allocation Website Development	$970,000	
4. PERCENT REQUESTED BY EXCHANGE ESTABLISHMENT GRANT	100%	
5. PERCENT REQUESTED BY ANOTHER SOURCE	0%	
6. ASSUMPTIONS- See Budget Narrative		
All are variable costs at this time.		
TOTAL	**$1,345,924**	

Information technology will be the key component of the many business functions of the Exchange. Mississippi has completed a thorough IT Gap Analysis to evaluate the State's readiness to implement Exchange IT systems. MID and the Association will work together in planning for and establishing the systems in the various functional areas.

MID estimates costs for both entities and the IT vendor to include steps to ensure a modular, flexible approach to systems development.

The IT vendor will incur costs associated with the IT systems and website development.

PROGRAM INTEGRATION

1. TOTAL COST:		$ 697,968
2. FIXED: $	VARIABLE:	$697,968
3. COST BY OBJECT CLASS		
MID SALARIES AND FRINGE BENEFITS ALLOCATION	$ 19,550	
MID TRAVEL ALLOCATION	$ 6,528	
MID EQUIPMENT ALLOCATION	$ 6,400	
MID SUPPLIES ALLOCATION	$ 770	
MID CONSULTANTS ALLOCATION (Legal, Accounting/Audit, Professional Services, Grant Management)		

MID CONSULTANTS

Legal Consultants	$112,000
Grants Management	$7,300
Accounting/Auditing Consultants	$33,000
TOTAL	$152,300

$ 152,300

MID OTHER CONTRACTUAL

Meetings Space Rental	$10,000
Meetings Food Servies	$0
Teleconferencing	$840
Advisory Board Per Diem	$5,000
Advisory Board Travel	$290
MID Office Equipment Rental	$6,000
MID Office Space	$680
TOTAL	$22,810

$ 22,810

Mississippi Comprehensive Health Insurance Risk Pool Association
Allocation of Administrative Costs, Travel, Equipment, Supplies

ASSOCIATION ADMINISTRATIVE COSTS

Association Salaries & Fringe Benefits	$26,000
Travel	$3,000
Equipment	$4,000
Supplies	$1,410
Equipment Rental & Licenses	$2,000
TOTAL	$36,410

$ 36,410

Mississippi Comprehensive Health Insurance Risk Pool Association Allocation of Consultant Costs (Legal, Accounting/Audit, Implementation Guidance, User Experience, Communications), IT Staff and Other Staff Services and Other Contractual Costs (Office Space)		
	$453,200	
IT Vendor Allocation	$0	
4. PERCENT REQUESTED BY EXCHANGE ESTABLISHMENT GRANT	100%	
5. PERCENT REQUESTED BY ANOTHER SOURCE	0%	
6. ASSUMPTIONS- See Budget Narrative		
All are variable costs at this time.		
TOTAL	**$697,968**	

ASSOCIATION CONTRACTUAL	
Implementation Guidance	$70,200
Legal	$75,000
Accounting/Audit	$55,000
IT Staff and Other Staff Services	$75,000
User Experience Consultants	$25,000
Communications Consultants	$150,000
Office Rent	$3,000
TOTAL	$453,200

The estimated costs for program integration include taking the necessary steps to achieve interoperability with other specific health and human services programs. MID and the Association will work closely to carry out the activities of the Exchange and will work with Medicaid, CHIP, and other Health and Human Services programs to coordinate eligibility determinations, referrals, and enrollment processes. Meetings with these programs will continue and options and recommendations on resource assessments, policy decisions, and operating procedures will be defined. Mississippi believes significant advantages can be gained through leveraging of similar processed shared amongst the various programs.

The Exchange will already be working closely with the Mississippi Insurance Department, because the Association is overseen and regulated by MID.

The IT vendor will incur costs associated with the integration with other programs.

FINANCIAL MANAGEMENT

1. TOTAL COST:		**$1,448,724**
2. FIXED: $	VARIABLE:	$1,448,724
3. COST BY OBJECT CLASS		
MID SALARIES AND FRINGE BENEFITS ALLOCATION	$ 4,888	
MID TRAVEL ALLOCATION	$ 4,496	
MID EQUIPMENT ALLOCATION	$ 1,850	
MID SUPPLIES ALLOCATION	$ 770	
MID CONSULTANTS ALLOCATION (Legal, Accounting/Audit, Professional Services, Grant Management)		

MID CONSULTANTS

Legal Consultants	$28,000
Grants Management	$7,300
Professional Services	$48,000
Accounting/Auditing Consultants	$36,000
TOTAL	$119,300

$ 119,300

MID OTHER CONTRACTUAL

Meetings Space Rental	$0
Meetings Food Servies	$0
Teleconferencing	$840
Advisory Board Per Diem	$5,000
Advisory Board Travel	$290
MID Office Equipment Rental	$6,000
MID Office Rent	$680
TOTAL	$12,810

$ 12,810

Mississippi Comprehensive Health Insurance Risk Pool Association
Allocation of Administrative Costs, Travel, Equipment, Supplies

ASSOCIATION ADMINISTRATIVE COSTS

Association Salaries & Fringe Benefits	$26,000
Travel	$3,000
Equipment	$4,000
Supplies	$1,410
Equipment Rental & Licenses	$2,000
TOTAL	$36,410

$ 36,410

Mississippi Comprehensive Health Insurance Risk Pool Association Allocation of Consultant Costs (Legal, Accounting/Audit, Implementation Guidance, User Experience, Communications), IT Staff and Other Staff Services and Other Contractual Costs (Office Space)		
Implementation Guidance	$50,000	
Legal	$50,000	
Accounting/Audit	$145,000	
IT Staff and Other Staff Services	$67,200	
User Experience Consultants	$0	
Communications Consultants	$137,000	
Office Rent	$4,000	
TOTAL	$453,200	
	$453,200	
IT Vendor Allocation Budget, Assessment Fees, Accounting Integration, Audit and Oversight, Payment Flows, Banking Fees	$815,000	
4. PERCENT REQUESTED BY EXCHANGE ESTABLISHMENT GRANT	100%	
5. PERCENT REQUESTED BY ANOTHER SOURCE	0%	
6. ASSUMPTIONS- See Budget Narrative		
All are variable costs at this time.		
TOTAL	**$1,448,724**	

Mississippi will establish a financial management structure and accounting system that adheres to applicable provisions of generally accepted accounting requirements and ensures sound financial management of Exchange funds.

The estimated costs are for MID, the Association, and their consultants to conduct activities to ensure that the financial management system will provide efficient and effective accountability and control of all property, funds, and assets related to grants and cooperative agreements with the Federal government.

The IT vendor will incur costs associated budget, assessment fees, accounting integration, audit and oversight, payment flows, and banking fees.

OVERSIGHT AND PROGRAM INTEGRITY

1. TOTAL COST:			**$3,880,927**
2. FIXED: $		VARIABLE:	$3,880,927
3. COST BY OBJECT CLASS			
MID SALARIES AND FRINGE BENEFITS ALLOCATION		$ 4,888	
MID TRAVEL ALLOCATION		$ 2,496	
MID EQUIPMENT ALLOCATION		$ 1,850	
MID SUPPLIES ALLOCATION		$ 770	
MID CONSULTANTS ALLOCATION (Legal, Accounting/Audit, Professional Services, Grant Management)			
MID CONSULTANTS			
Legal Consultants	$28,000		
Grants Management	$7,300		
Accounting/Auditing Consultants	$33,000		
TOTAL	$68,300		
		$ 68,300	
MID OTHER CONTRACTUAL			
Meetings Space Rental	$0		
Meetings Food Servies	$0		
Teleconferencing	$840		
Advisory Board Per Diem	$5,000		
Advisory Board Travel	$405		
MID Office Equipment Rental	$6,000		
MID Office Rent	$768		
TOTAL	$13,013		
		$ 13,013	
Mississippi Comprehensive Health Insurance Risk Pool Association Allocation of Administrative Costs, Travel, Equipment, Supplies			
ASSOCIATION ADMINISTRATIVE COSTS			
Association Salaries & Fringe Benefits	$26,000		
Travel	$3,000		
Equipment	$4,000		
Supplies	$1,410		
Equipment Rental & Licenses	$2,000		
TOTAL	$36,410		
		$ 36,410	

Mississippi Comprehensive Health Insurance Risk Pool Association Allocation of Consultant Costs (Legal, Accounting/Audit, Implementation Guidance, User Experience, Communications), IT Staff and Other Staff Services and Other Contractual Costs (Office Space) **ASSOCIATION CONTRACTUAL** Implementation Guidance $50,000 Legal $60,000 Accounting/Audit $40,000 IT Staff and Other Staff Services $90,000 User Experience Consultants $35,000 Communications Consultants $175,200 Office Rent $3,000 TOTAL $453,200	$453,200	
IT Vendor Allocation Systems and data security	$3,300,000	
4. PERCENT REQUESTED BY EXCHANGE ESTABLISHMENT GRANT	100%	
5. PERCENT REQUESTED BY ANOTHER SOURCE	0%	
6. ASSUMPTIONS- See Budget Narrative		
All are variable costs at this time.		
TOTAL	**$3,880,927**	

Mississippi will ensure program integrity related to the Federal and State funds utilized to develop and operate the Exchange. The estimated costs include the oversight activities MID will undertake to ensure compliance with Federal and State requirements.

The Association will need to ensure program integrity and take steps to prevent waste, fraud, and abuse.

The IT vendor will incur costs associated with systems and data security to ensure program integrity.

HEALTH INSURANCE MARKET REFORMS

1. TOTAL COST:			$1,115,219
2. FIXED: $		VARIABLE:	$1,115,219
3. COST BY OBJECT CLASS			
MID SALARIES AND FRINGE BENEFITS ALLOCATION		$ 4,888	
MID TRAVEL ALLOCATION		$ 4,991	
MID EQUIPMENT ALLOCATION		$ 1,850	
MID SUPPLIES ALLOCATION		$ 770	
MID CONSULTANTS ALLOCATION (Legal, Accounting/Audit, Professional Services, Grant Management)			
MID CONSULTANTS			
Legal Consultants	$0		
Grants Management	$7,300		
Professional Services	$0		
Accounting/Auditing Consultants	$33,000		
TOTAL	$40,300	$ 40,300	
MID OTHER CONTRACTUAL			
Meetings Space Rental	$10,000		
Meetings Food Servies	$0		
Teleconferencing	$840		
Advisory Board Per Diem	$5,000		
Advisory Board Travel	$290		
MID Office Equipment Rental	$6,000		
MID Office Rent	$680		
TOTAL	$22,810	$ 22,810	
Mississippi Comprehensive Health Insurance Risk Pool Association Allocation of Administrative Costs, Travel, Equipment, Supplies			
ASSOCIATION ADMINISTRATIVE COSTS			
Association Salaries & Fringe Benefits	$26,000		
Travel	$3,000		
Equipment	$4,000		
Supplies	$1,410		
Equipment Rental & Licenses	$2,000		
TOTAL	$36,410	$ 36,410	

Mississippi Comprehensive Health Insurance Risk Pool Association Allocation of Consultant Costs (Legal, Accounting/Audit, Implementation Guidance, User Experience, Communications), IT Staff and Other Staff Services and Other Contractual Costs (Office Space)		
Implementation Guidance	$71,800	
Legal	$40,000	
Accounting/Audit	$0	
IT Staff and Other Staff Services	$63,400	
User Experience Consultants	$75,000	
Communications Consultants	$200,000	
Office Rent	$3,000	
TOTAL	$453,200	
	$453,200	
IT Vendor Allocation	$550,000	
4. PERCENT REQUESTED BY EXCHANGE ESTABLISHMENT GRANT	100%	
5. PERCENT REQUESTED BY ANOTHER SOURCE	0%	
6. ASSUMPTIONS- See Budget Narrative		
All are variable costs at this time.		
TOTAL	**$1,115,219**	

MID and the Association will seek to ensure that health insurance market reforms are implemented for a successful Exchange. Costs are estimated to include implementation guidance and stakeholder consultation on these issues and will be used for the development of a plan to implement these health insurance market reforms. Potential options will be outlined to mitigate adverse selection inside and outside of the Exchange. This includes, but is not limited to, considering the size of the potential market, offering the same plans inside and outside of the Exchange, and the combined impact of risk-leveling methods.

The IT vendor will incur costs as health insurance market reforms are implemented.

ASSISTANCE TO INDIVIDUALS AND SMALL BUSINESSES

1. TOTAL COST:		$6,178,969
2. FIXED: $	VARIABLE:	$6,178,969
3. COST BY OBJECT CLASS		
MID SALARIES AND FRINGE BENEFITS ALLOCATION	$ 4,888	
MID TRAVEL ALLOCATION	$ 4,991	
MID EQUIPMENT ALLOCATION	$ 1,850	
MID SUPPLIES ALLOCATION	$ 770	
MID CONSULTANTS ALLOCATION (Legal, Accounting/Audit, Professional Services, Grant Management)		

Legal Consultants	$0
Grants Management	$7,300
Professional Services	$0
Accounting/Auditing Consultants	$33,000
TOTAL	$40,300

$ 40,300

Meetings Food Servies	$10,000
Teleconferencing	$840
Advisory Board Per Diem	$5,000
Advisory Board Travel	$290
MID Office Equipment Rental	$6,000
MID Office Rent	$680
Community Exchange Development Programs	$1,480,000
TOTAL	$1,502,810

$ 1,502,810

Mississippi Comprehensive Health Insurance Risk Pool Association
Allocation of Administrative Costs, Travel, Equipment, Supplies

ASSOCIATION ADMINISTRATIVE COSTS

Association Salaries & Fringe Benefits	$26,000.00
Travel	$3,000
Equipment	$4,000.00
Supplies	$1,410.00
Equipment Rental & Licenses	$2,000.00
TOTAL	$36,410.00

$ 36,410

Mississippi Comprehensive Health Insurance Risk Pool Association Allocation of Consultant Costs (Legal, Accounting/Audit, Implementation Guidance, User Experience, Communications), IT Staff and Other Staff Services and Other Contractual Costs (Office Space)		
Implementation Guidance	$40,000	
Legal	$50,000	
Accounting/Audit	$7,000	
IT Staff and Other Staff Services	$85,000	
User Experience Consultants	$150,000	
Communications Consultants	$251,950	
Office Rent	$3,000	
TOTAL	$586,950	
		$586,950	
IT Vendor Allocation Customer Support & Small Business functions		$4,000,000	
4. PERCENT REQUESTED BY EXCHANGE ESTABLISHMENT GRANT		100%	
5. PERCENT REQUESTED BY ANOTHER SOURCE		0%	
6. ASSUMPTIONS- See Budget Narrative			
All are variable costs at this time.			
TOTAL		**$6,178,969**	

Exchanges are required to provide certain services for State residents, including responding to requests for informational assistance. Building sufficient capacity for providing assistance to State residents is a core activity of Exchange planning and establishment.

Mississippi plans to initially provide these services as a sub-award for four regional programs throughout the State to help residents resolve problems, answer questions, and file complaints and appeals. They provide a website, toll free hotline, and counseling and outreach services. The regional programs will be located in rural areas around the State in order to reach as many of the citizens as possible to provide these valuable services.

MID recognized the effective work that had already been completed by a current program and will model the community exchange development programs based on the success of an experienced program. The estimated costs were based on the other program's one year budget.

The IT vendor costs will provide customer support and small business functions.

BUSINESS OPERATIONS

1. TOTAL COST:		**$2,011,023**
2. FIXED: $	VARIABLE:	$2,011,023
3. COST BY OBJECT CLASS		
MID SALARIES AND FRINGE BENEFITS ALLOCATION	$ 19,550	
MID TRAVEL ALLOCATION	$ 9,983	
MID EQUIPMENT ALLOCATION	$ 8,250	
MID SUPPLIES ALLOCATION	$ 770	
MID CONSULTANTS ALLOCATION (Legal, Accounting/Audit, Professional Services, Grant Management)		

Legal Consultants	$2,000
Grants Management	$7,300
Professional Services	$32,000
Accounting/Auditing Consultants	$33,000
TOTAL	$74,300

$ 74,300

MID OTHER CONTRACTUAL

Meetings Space Rental	$10,000
Meetings Food Servies	$0
Teleconferencing	$840
Advisory Board Per Diem	$5,000
Advisory Board Travel	$290
MID Office Equipment Rental	$6,000
MID Office Rent	$680
TOTAL	$22,810

$ 22,810

Mississippi Comprehensive Health Insurance Risk Pool Association
Allocation of Administrative Costs, Travel, Equipment, Supplies

ASSOCIATION ADMINISTRATIVE COSTS

Association Salaries & Fringe Benefits	$26,000
Travel	$3,000
Equipment	$4,000
Supplies	$1,410
Equipment Rental & Licenses	$2,000
TOTAL	$36,410

$ 36,410

Mississippi Comprehensive Health Insurance Risk Pool Association Allocation of Consultant Costs (Legal, Accounting/Audit, Implementation Guidance, User Experience, Communications), IT Staff and Other Staff Services and Other Contractual Costs (Office Space) **ASSOCIATION CONTRACTUAL** Implementation Guidance $45,000 Legal $64,800 Accounting/Audit $25,000 IT Staff and Other Staff Services $90,400 User Experience Consultants $235,000 Communications Consultants $221,750 Office Rent $7,000 TOTAL $688,950	$688,950	
IT Vendor Allocation Plan Certification, exemption management, carrier help desk	$1,150,000	
4. PERCENT REQUESTED BY EXCHANGE ESTABLISHMENT GRANT	100%	
5. PERCENT REQUESTED BY ANOTHER SOURCE	0%	
6. ASSUMPTIONS- See Budget Narrative		
All are variable costs at this time.		
TOTAL	**$2,011,023**	

Exchanges must carry out several functions required by the Affordable Care Act. Mississippi will seek consultant services to identify and define future business operations for a successful Exchange. MID and the Association will apply the consultant's recommendations to work with the appropriate vendor of a selected product to address the core functions

The IT vendor will incur costs associated with plan certification, member management, exemption management, carrier help desk, and other business functions.

REQUIRED ATTACHMENTS

MISSISSIPPI INSURANCE DEPARTMENT

MS HEALTH INSURANCE EXCHANGE ESTABLISHMENT GRANT

KEY PERSONNEL

MID plans to dedicate a percentage of existing staff time for the following staff to manage and oversee the proposed grant activities:

GRANT PROJECT DIRECTOR

The Grant Project Director is a Senior Staff Attorney responsible for MID legal matters including issues concerning federal and state regulations, state leases and contracts, implementing state procedures, and administrating federal/state grants. He serves as an advocate for the State and represents the State in legal proceedings. Aaron Sisk has a Juris Doctor and over eight years experience.

The Grant Project Director will serve as Mississippi's contact person for the grant and will be responsible for achieving the project's goals and objectives. He will oversee the proposed establishment activities and ensure that they are in compliance with the grant requirements. It is projected that he will devote 40% of his time to the grant project and 60% of his time on duties outside grant activities.

GRANT FINANCIAL OFFICER

The Grant Financial Officer is an Accounting and Finance Director responsible for MID fiscal, accounting, and business service functions. She develops and maintains financial records, reports, statements, and required fiscal reports for federal, state, and local authorities. Nancy Stuart has an Accounting Degree and over thirty years of experience.

The Financial Officer will serve as Mississippi's contact person for the grant's fiscal responsibilities. She will oversee and manage the grant funds, prepare the required Financial Status Reports (SF-269a), the Federal Cash Transactions Report (PSC 272), and any other required financial reports. She will devote 15% of staff time to the grant project and 85% of her time on duties outside the grant activities.

MID GRANT ADMINISTRATIVE ASSISTANT

The Grant Administrative Assistant provides administrative and office operations support to the Life and Health Actuarial Division in the Mississippi Insurance Department. Kaylea Crabbe has a Bachelor of Science Degree and over three years of experience.

The Administrative Assistant will provide office operations support to all of the grant project staff as needed and will devote 40% of her time on the establishment grant.

GRANT PROJECT OFFICER

The Grant Project Officer is an Insurance Examiner responsible for a variety of healthcare reform activities for MID. Maris Cooper has a Masters in Business Administration and over three years of experience.

The Grant Project Officer will be responsible for communications regarding grant activities, facilitation of inter-agency workgroups, and assisting with other planning activities, including educational outreach, meetings with stakeholders, and the coordination and integration of other State programs. The Project Officer will devote 40% of her time on the establishment grant.

MID plans to hire another Grant Project Officer to assist with the coordination and facilitation of the grant activities.

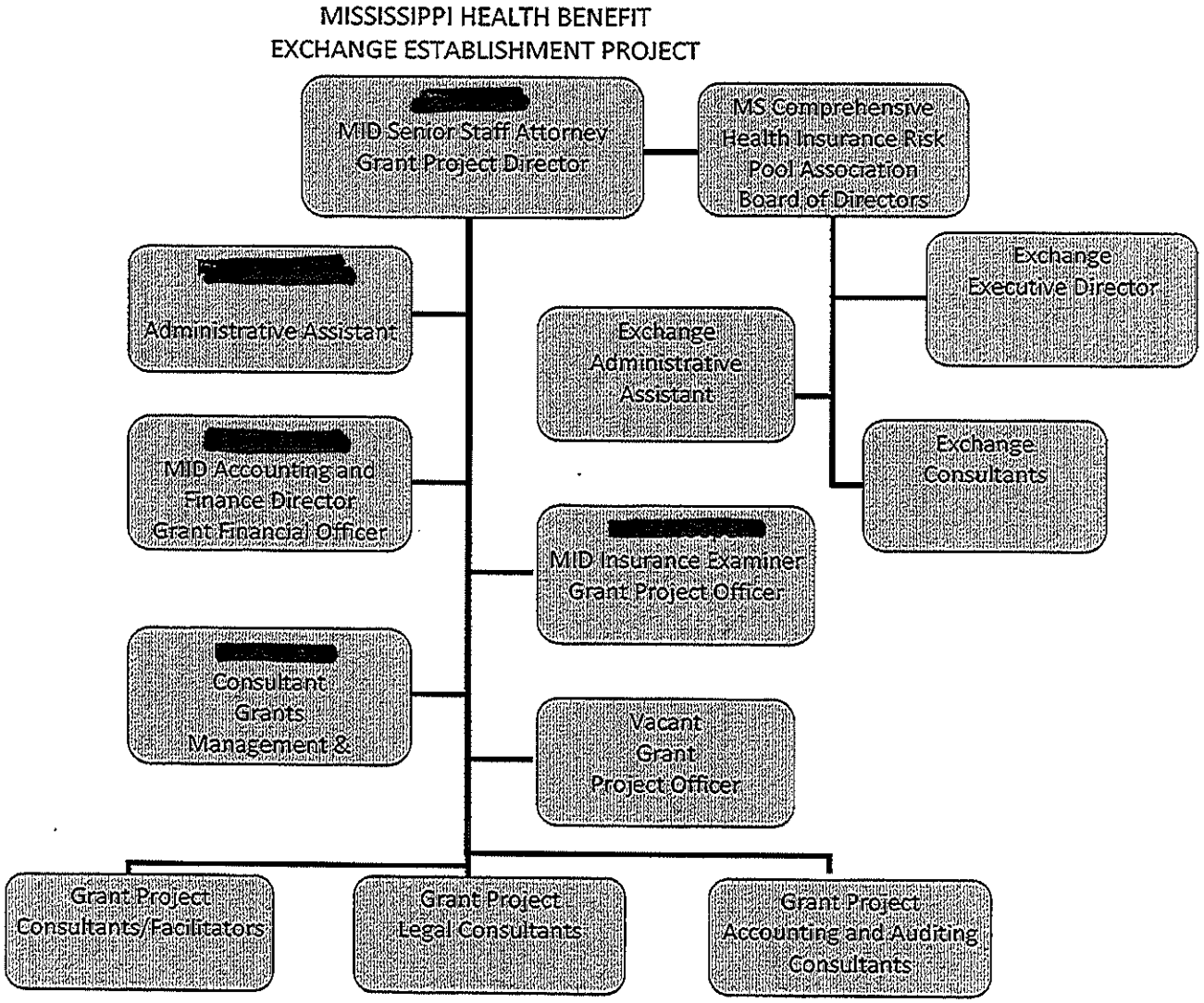
GRANTS MANAGER

MID's Grants Manager is a consultant and is responsible for all grant management, oversight, and reporting activities. The consultant will maintain data on the Cooperative Agreement activities, accomplishments and lessons learned in order to prepare and submit the required project reports to HHS. Liz Barnett has over twenty-five years of administering and monitoring annual federal grants, including all program activities and preparing all programmatic and financial reports.

The Grants Manager will assist with the various activities, including the coordination and integration of other State programs, educational outreach, marketing research, and meetings with stakeholders. The Grants Manager will work closely with the Financial Officer in order to prepare the required grant reports and will work closely with the other project staff to ensure that MID is in compliance with the grant requirements. The Grants Manager will devote 55% of her time on the establishment grant.

KEY PERSONNEL

The following Organizational Chart depicts the proposed staffing structure for staff who will be dedicated to the MID grant project:



ATTACHMENT E

MISSISSIPPI
COMMUNITY EXCHANGE DEVELOPMENT PROGRAM

PERSONNEL & FRINGE BENEFITS	FTE	COSTS	TOTALS
Advocates/Counselors	2	[redacted]	
Program Manager	1	[redacted]	
Outreach Coordinator	1	[redacted]	
TOTAL			**$ 185,000**
CONTRACTUAL COSTS			
Consultants/Tech Support		$ 15,000	
Website Maintance		$ 9,500	
Legal Services		$ 36,000	
Outreach Materials		$ 35,000	
Overhead (Rent Utilities)		$ 20,500	
Training		$ 11,000	
TOTAL			**$ 127,000**
EQUIPMENT			
Computer hardware		$ 7,500	
Computer software		$ 12,500	
Furniture		$ 4,000	
Copier		$ 6,000	
Telephone System		$ 5,000	
(Toll Free Hotline)			
TOTAL			**$ 35,000**
Travel		$ 16,000	**$ 16,000**
Office Supplies		$ 7,000	**$ 7,000**
TOTAL COSTS		$ 370,00	**$ 370,000**

APPENDIX A

MISSISSIPPI COMPREHENSIVE HEALTH INSURANCE
RISK POOL ASSOCIATION

AMENDED AND RESTATED ARTICLES,
BYLAWS AND OPERATING RULES

AMENDED AND RESTATED
ARTICLES, BYLAWS AND OPERATING RULES

OF

COMPREHENSIVE HEALTH INSURANCE RISK POOL ASSOCIATION

A NONPROFIT LEGAL ENTITY

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ARTICLE I. NAME AND PURPOSE

The Comprehensive Health Insurance Risk Pool Association (the "Association") is a nonprofit legal entity created pursuant to the Mississippi Comprehensive Health Insurance Risk Pool Association Act, Sections 83-9-201 through 223 of the Mississippi Code of 1972, as amended (the "Act"). The purpose or purposes for which the Association is organized are as follows:

(1) allow the availability of a health insurance program and to allow the availability of health and accident insurance coverage to those citizens of the State of Mississippi who (a) because of health conditions cannot secure such coverage, or (b) desire to obtain or continue health insurance coverage under any state or federal program designed to enable persons to obtain or maintain health insurance coverage, subject to the limitations and requirements contained in the Act,

(2) execute all powers granted to the Association under the Act, and

(3) without limiting the generality of the foregoing powers and purposes, doing every other thing or act necessary or expedient in carrying on the business of the Association which may be permitted by the Act or applicable law.

Notwithstanding any other provisions of these amended and restated articles, bylaws and operating rules, the Association shall not conduct or carry on any activities or do anything not permitted to be conducted or carried on by an organization which is exempt from taxation under Section 501(c) of the Internal Revenue Code and the Regulations thereunder as the same now exist or as they may be hereafter amended from time to time. (Amended August 27, 2009).

ARTICLE II. OFFICE AND REGISTERED AGENT

The principal office of the Association and the street address of the Association's registered office is 190 East Capitol Street, Suite 800, Jackson, Mississippi 39201, and the name of the registered agent at that office is David L. Martin. The Association may have such other offices, either within or without the State of Mississippi, as the board of directors may designate or as the business of the Association may require from time to time. (Amended August 27, 2009).

ARTICLE III. DURATION

The duration of the Association shall be the maximum permitted pursuant to the Act or applicable law.

ARTICLE IV. MEMBERS

SECTION 1. Members. The Association shall have no capital stock. The members of the Association are (1) all insurance companies, nonprofit health care services plans, fraternal benefit societies, health maintenance organizations, and to the extent consistent with federal law all self-insurance arrangements covered by the Employee Retirement Income Security Act of 1974, as amended, that provide health care benefits in the State of Mississippi, (2) all other

entities providing plans of health insurance coverage or health benefits subject to state insurance regulation, (3) all reinsurers reinsuring health insurance coverage in the State of Mississippi or all insurers from whom any person providing health insurance coverage for any Mississippi resident procures insurance for itself in the insurer with respect to all or part of the health insurance coverage risk of the person, and (4) all third party administrators who are paying or processing health insurance claims for any Mississippi resident.

Members that are insurance companies, nonprofit health care services plans, fraternal benefit societies, health maintenance organizations, self-insurance arrangements, other entities providing plans of health insurance coverage or health benefits subject to state insurance regulation or reinsurers which cease providing health care benefits or reinsuring health insurance coverage in Mississippi and members that are third party administrators which cease processing health insurance claims for Mississippi residents shall cease to be members of the Association effective the day following such cessation of authorization or claims processing. Former members of the Association shall remain liable for any assessment levied pursuant to Article XIV of these amended and restated articles, bylaws and operating rules for periods with respect to which the former member was a member of the Association.

For purposes of determining membership in the Association and calculating the amount of an assessment levied against a member pursuant to Article XIV, Section 2 of these amended and restated articles, bylaws and operating rules "health insurance coverage" shall mean any hospital and medical expense incurred policy, nonprofit health care services plan contract, health maintenance organization subscriber contract or any other health care plan or arrangement that pays for or furnishes medical or health care services whether by insurance or otherwise. "Health insurance coverage" shall not include the following: coverage only for accident or disability income insurance; coverage issued as a supplement to liability insurance; liability insurance including general liability insurance and automobile liability insurance; workers' compensation or similar insurance; automobile medical payment insurance; credit-only insurance; coverage for on-site medical clinics; and other similar insurance coverage specified in federal regulations issued pursuant to Public Law 104-191 under which benefits for medical care are secondary or incidental to other insurance benefits. "Health insurance coverage" shall not include the following benefits if they are provided under a separate policy, certificate or contract of insurance or are otherwise not an integral part of the coverage: limited scope dental or vision benefits; benefits for long-term care, nursing home care, home health care, community-based care, or any combination thereof; or other similar limited benefits specified in federal regulations issued pursuant to Public Law 104-191. "Health insurance coverage" shall not include the following benefits if the benefits are provided under a separate policy, certificate or contract of insurance, there is no coordination between the provision of the benefits and any exclusion of benefits under any group health plan maintained by the same plan sponsor, and the benefits are paid with respect to an event without regard to whether benefits are provided with respect to such an event under any group health plan maintained by the same plan sponsor: coverage only for a specified disease or illness; or hospital indemnity or other fixed indemnity insurance. "Health insurance coverage" shall not include the following if offered as a separate policy, certificate or contract of insurance: Medicare supplemental health insurance; coverage supplemental to the coverage provided under Chapter 55 of Title 10, United States Code (Civilian Health and Medical Program of the Uniformed Services (CHAMPUS); or similar supplemental coverage provided to coverage under a group health plan.

The board of directors may adopt definitions as may be necessary in order to further determine membership in the Association and calculate assessments and such definitions shall be included herein by amendment to these amended and restated articles, bylaws and operating rules. Any insurance company, nonprofit health care services plan, fraternal benefit society, health maintenance organization, self-insurance arrangement or other entity providing a plan of health insurance coverage or health benefits subject to state insurance regulation, reinsurer or third party administrator desiring a determination with respect to whether a particular policy or contract is within the definition of health insurance coverage as set forth in the Act shall submit a written request for determination to the Association. Any such written request for a determination shall be handled in the same manner as a grievance as provided for in Article XV of these amended and restated articles, bylaws and operating rules. (Amended August 14, 1995, August 27, 2009).

SECTION 2. Distributions. The members of the Association shall not be entitled to distributions from the Association except as provided by these amended and restated articles, bylaws and operating rules. Furthermore, except as provided by these amended and restated articles, bylaws and operating rules, the Association shall not afford or provide any pecuniary gain, incidentally or otherwise, to its members, and no part of the net income of the Association and no part of its assets shall inure to the benefit of any member or individual or to any corporation organized for profit.

Upon the liquidation, dissolution or winding up of the Association, whether voluntary or involuntary, the members of the Association shall be refunded excess assessments in proportion to the assessments of each member, provided however that no member shall be refunded an amount greater than the amount of assessments paid by such member to the Association. For purposes of this paragraph "excess assessments" shall mean the amount of aggregate assessments paid to the Association together with interest thereon that exceeds the amount necessary to pay claims and administrative expenses incurred during the periods for which assessments were made. Distributions in addition to the refund of excess assessments to the members shall be made to such non-profit organization or organizations as may be determined by the board of directors and approved by the Mississippi Commissioner of Insurance, provided such purposes are within the intent of Section 501(c) of the Internal Revenue Code and Regulations thereunder as the same now exist or as they may be hereafter amended.

SECTION 3. Annual Meeting. The annual meeting of the members shall be held on the first Tuesday in the month of April, in each year, beginning with the year 1992, at the hour of ten (10) o'clock, A.M., or such other time and date as may be determined by the directors, for the purpose of appointing directors required by the Act to be appointed by the members and for the transaction of such other business as may properly come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Mississippi, such meeting shall be held on the next succeeding business day.

If such appointment of directors shall not occur on the day designated herein for any annual meeting of the members, or at any adjournment thereof, the board of directors shall cause the appointment to be made at a special meeting of the members as soon thereafter as conveniently may be.

SECTION 4. Special Meetings. The Association shall hold a special meeting of members (1) on call of its board of directors; or (2) if at least ten percent (10%) of the members sign, date and deliver to the Association's secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held. If not otherwise fixed under the provisions of these amended and restated articles, bylaws and operating rules or applicable law, the record date for determining members entitled to demand a special meeting is the date the first member signs the demand.

SECTION 5. Place of Meeting. The board of directors may designate any place, either within or without the State of Mississippi, for any annual meeting or for any special meeting of members. A valid waiver of notice signed by all members entitled to notice may designate any place, either within or without the State of Mississippi, as the place for any annual meeting or for any special meeting of members. Unless the notice of the meeting states otherwise, members' meetings shall be held at the Association's principal office.

SECTION 6. Notice of Meeting. The Association shall notify all known members of the date, time and place of each annual meeting and special meeting of members by mail no fewer than ten (10) nor more than sixty (60) days before the meeting date. Notice of the date, time and place of each annual meeting and special meeting of members shall also be published in a newspaper of general circulation in Jackson, Mississippi, no fewer than five (5) nor more than thirty (30) days before the meeting date.

Notice of an annual meeting need not include a description of the purpose or purposes for which the meeting is called. Notice of a special meeting must include a description of the purpose or purposes for which the meeting is called. Only business within the purpose or purposes described in the meeting notice may be conducted at a special members' meeting.

If an annual or special meeting of members is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment, unless a new record date for the adjourned meeting is or must be fixed under Article IV, Section 7 of these amended and restated articles, bylaws and operating rules.

SECTION 7. Fixing of Record Date. The board of directors of the Association may fix the record date in order to determine members entitled to notice of a members' meeting, to demand a special meeting, to vote or to take any other action. A record date may not be more than seventy (70) days before the meeting or action requiring a determination of members. The record date for determining members entitled to notice of and to vote at an annual or special meeting of members is the day before the first notice is delivered to members. A determination of members entitled to notice of or to vote at a members' meeting is effective for any adjournment of the meeting unless the board of directors fixes a new record date, which it must do if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

SECTION 8. Voting Lists. After fixing a record date for a meeting, the Association shall prepare an alphabetical list of the names of all its members who are entitled to notice of a members' meeting. The list must show the address of and number of votes of each member.

The members' list must be available for inspection by any member beginning two (2) business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the Association's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A member, his agent or attorney shall be entitled on written demand to inspect and, subject to the requirements of applicable law, to copy the list during regular business hours and at his expense, during the period it is available for inspection. The Association shall make the members' list available at the meeting, and any member, his agent or attorney is entitled to inspect the list at any time during the meeting or any adjournment.

SECTION 9. Quorum. Ten percent (10%) of the members at an annual or special meeting of members, represented in person or by proxy, shall constitute a quorum. If less than ten percent (10%) of the members are represented at an annual or special meeting, a majority of the members so represented may adjourn the meeting from time to time without further notice except as may be required by Article IV, Section 6 of these amended and restated articles, bylaws and operating rules. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. Once a member is represented for any purpose at a meeting, the member is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

SECTION 10. Proxies. A member may appoint a proxy to vote or otherwise act for him by signing an appointment form, either personally or by his attorney-in-fact. An appointment of a proxy is effective when received by the secretary or other officer or agent authorized to tabulate votes of the Association. An appointment is valid for eleven (11) months unless a longer period is expressly provided in the appointment form. An appointment of a proxy is revocable by the member.

Subject to any express limitation on the proxy's authority appearing on the face of the appointment form, the Association is entitled to accept the proxy's vote or other action as that of the member making the appointment.

SECTION 11. Voting by Members. Each member shall be entitled to one (1) vote in person or by proxy on each matter voted on at a members' meeting.

SECTION 12. Action by Members Without A Meeting. Action required or permitted to be taken at a members' meeting may be taken without a meeting if the action is taken by all the members. The action must be evidenced by one or more written consents describing the action taken, signed by all the members, and delivered to the Association for inclusion in the minutes or filing with the Association records. The record date for determining members entitled to take action without a meeting is the date the first member signs such consent. Action taken under this section is effective when the last member signs the consent, unless the consent specifies a different effective date. A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

SECTION 13. Association's Acceptance of Votes. If the name signed on a vote, consent, waiver or proxy appointment corresponds to the name of the member, the Association, if acting

in good faith, is entitled to accept the vote, consent, waiver or proxy appointment and give it effect as the act of the member.

The Association is entitled to reject a vote, consent, waiver or proxy appointment if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the member.

ARTICLE V. BOARD OF DIRECTORS

SECTION 1. General Powers. All Association powers shall be exercised by or under the authority of, and the business and affairs of the Association managed under the direction of, its board of directors, subject to any limitation set forth in these amended and restated articles, bylaws and operating rules.

SECTION 2. Number, Appointment, Election, Tenure and Qualifications. The number of directors of the Association shall be nine (9), consisting of: four (4) individuals appointed by the Mississippi Commissioner of Insurance; three (3) members appointed by the members; the Chair of the Senate Insurance Committee; and the Chair of the House Insurance Committee. The Chair of the Senate Insurance Committee and the Chair of the House Insurance Committee shall be nonvoting, ex officio members of the board.

Directors that are appointed by the Mississippi Commissioner of Insurance shall be appointed at each annual meeting of members, except for the initial appointments and the filling of vacancies. Appointment to the board of directors by the Mississippi Commissioner of Insurance shall be evidenced by a certificate of appointment signed by the Mississippi Commissioner of Insurance or his duly authorized representative.

Directors that are appointed by the members of the Association shall be appointed at each annual meeting of members, except for the initial appointments and the filling of vacancies. In making such appointment the members receiving the greatest number of votes, on a non-cumulative basis, shall be appointed to the board of directors, provided that the other requirements for board membership are met.

Of the initial directors to be appointed by the Mississippi Commissioner of Insurance, one (1) shall serve for a term of one (1) year, two shall serve for a term of two (2) years, and one (1) shall serve for a term of three (3) years, such terms to be determined by the Mississippi Commissioner of Insurance. Of the initial directors to be appointed by the members, one (1) shall serve for a term of one (1) year, one (1) shall serve for a term of two (2) years, and one (1) shall serve for a term of three (3) years, such terms to be determined by the members. The terms of all other directors shall be for a period of three (3) years.

Of the directors appointed by the Mississippi Commissioner of Insurance: two (2) shall be chosen from the general public and shall not be associated with the medical profession, a hospital or an insurer; one (1) shall be representative of medical providers; and one (1) shall be representative of health insurance agents. Directors appointed by the Mississippi Commissioner of Insurance shall file with the Association a written certificate of eligibility stating under oath

that they are eligible to accept such appointment. Of the directors appointed by the members at least one (1) shall be a Mississippi domestic insurer.

A decrease in the number of directors does not shorten an incumbent director's term. The term of a director appointed or elected to fill a vacancy expires at the next members' meeting at which directors are appointed or elected. Despite the expiration of a director's term, he continues to serve until his successor is appointed or elected and qualifies or until there is a decrease in the number of directors. A director need not be a resident of this state or, except for directors appointed by members, a member of the Association. (Amended April 11, 2003, August 27, 2009).

SECTION 3. Resignation of Directors, Removal of Directors. A director may resign at any time by delivering written notice to the board of directors, to its chairman or to the Association. A resignation is effective when the notice is delivered unless the notice specifies a later effective date.

The Mississippi Commissioner of Insurance may remove one or more of the directors appointed by the Mississippi Commissioner of Insurance with or without cause. The members may remove one or more of the directors appointed by the members with or without cause. A director appointed by the members may be removed only if the number of votes cast to remove him exceeds the number of votes cast not to remove him. A director may be removed by the members only at a meeting called for the purpose of removing him, and the meeting notice must state that the purpose, or one (1) of the purposes, of the meeting is removal of the director.

SECTION 4. Regular Meetings. A regular meeting of the board of directors shall be held without other notice than this bylaw immediately after, and at the same place as, the annual meeting of members.

SECTION 5. Special Meetings. Special meetings of the board of directors may be called by or at the request of any two (2) directors. Special meetings of the board of directors must be preceded by at least two (2) days' notice of the date, time and place of the meeting. If no place for the meeting has been designated in the notice, the meeting shall be held at the principal office of the Association. The notice need not describe the purpose of the special meeting.

SECTION 6. Place of Meetings. The board of directors may hold regular or special meetings in or out of this state.

SECTION 7. Quorum. A quorum of the board of directors consists of a majority of the number of voting directors fixed by Article V, Section 2 of these amended and restated articles, bylaws and operating rules. If less than the number necessary for a quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

SECTION 8. Manner of Acting. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the board of directors.

SECTION 9. Action Without A Meeting. Action required or permitted to be taken at a board of directors' meeting may be taken without a meeting if the action is taken by all members

of the board. The action must be evidenced by one or more written consents describing the action taken, signed by each director, and included in the minutes or filed with the Association records reflecting the action taken. Action taken under this section is effective when the last director signs the consent, unless the consent specifies a different effective date. Such a consent has the effect of a meeting vote and may be described as such in any document.

SECTION 10. Vacancies. Vacancies on the board of directors with respect to directors appointed by the Mississippi Commissioner of Insurance shall be filled for the remaining period of the term by the Mississippi Commissioner of Insurance. Vacancies on the board of directors with respect to directors appointed by the members of the Association shall be filled for the remaining period of the term by a majority vote of the remaining board members. A vacancy that will occur at a specific later date (by reason of a resignation effective at a later date or otherwise) may be filled before the vacancy occurs, but the new director may not take office until the vacancy occurs.

SECTION 11. Compensation. By resolution of the board of directors, a director may be reimbursed from the assets of the Association for actual and necessary expenses, if any, of attendance at each meeting of the board of directors in the manner and amount provided in Section 25-3-41 of the Mississippi Code of 1972, as amended, but members of the board shall not otherwise be compensated by the Association for their services. No such payment shall preclude any director from serving the Association in any other capacity and receiving compensation therefor.

SECTION 12. Executive and Other Committees. The board of directors may create an executive committee and one or more other committees and appoint members of the board of directors to serve on them. Each committee must have two (2) or more members, who serve at the pleasure of the board of directors. To the extent specified by the board of directors or in these amended and restated articles, bylaws and operating rules, each committee may exercise the authority of the board of directors. Provisions of these bylaws governing meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements of the board of directors, apply to committees and their members as well.

SECTION 13. Participation by Telephonic or Other Means. The board of directors may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

SECTION 14. Conflict of Interest. A director shall be deemed to have a conflicting interest with respect to a transaction brought before the board of directors for action if: (1) the director, a member of the director's family, or an affiliate (as defined in Section 83-6-1 of the Mississippi Code of 1972, as amended) of the director is a party to the transaction; (2) the director, a member of the director's family, or an affiliate (as defined in Section 83-6-1 of the Mississippi Code of 1972, as amended) of the director has a financial interest in the transaction; or (3) a party to the transaction is (a) an entity of which the director is a director, general partner, agent or employee, (b) a person or entity that controls one or more of the entities specified in subclause (a) or an entity that is controlled by, or is under common control with, one or more of

the entities specified in subclause (a), or (c) an individual or entity who is a general partner, principal or employer of the director. Each director and each designated representative of a director shall file annually with the Association a written statement of conflicting interest transactions or potential conflicting interest transactions. If a director or its designated representative is deemed to have a conflicting interest with respect to a transaction, the director or the designated representative shall disclose in writing to the board the conflicting interest and play no part, directly or indirectly, in the board's deliberations or vote on the transaction.

Action respecting a conflicting interest transaction is effective if the transaction received the affirmative vote of a majority (but no fewer than two (2)) of those directors on the board or on a duly empowered committee of the board who do not have a conflicting interest respecting a transaction. A majority (but no fewer than two (2)) of all the directors on the board, or on a committee, who do not have a conflicting interest respecting a transaction constitute a quorum for purposes of action that complies with this section.

ARTICLE VI. OFFICERS

SECTION 1. Officers. The officers of the Association shall be a chairman of the board, a vice chairman of the board, a secretary and a treasurer, each of whom shall be elected by the board of directors and any such other officers as the board of directors may from time to time deem necessary in order to conduct the business of the Association. The offices of secretary and treasurer may be held by the same person.

SECTION 2. Election and Term of Officers. The officers of the Association to be elected by the board of directors shall be elected annually by the board of directors at the regular meeting of the board of directors immediately following the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall continue to serve until his successor is elected and qualifies or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. Resignation or Removal of Officers. An officer may resign at any time by delivering written notice to the board of directors, the chairman of the board or to the Association. A resignation is effective when the notice is delivered unless the notice specifies a later effective date.

Any officer may be removed by the board of directors whenever in its judgment, the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

SECTION 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the board of directors for the unexpired portion of the term.

SECTION 5. Chairman of the Board. The chairman must be a member of the board of directors at the time of election to such office. The chairman shall be the principal executive officer of the Association and, subject to the control of the board of directors, shall have general

supervision and control of the business and affairs of the Association. He shall, when present, preside at all meetings of the members and of the board of directors. He may sign, with the secretary or any other proper officer of the Association thereunto authorized by the board of directors, any deeds, mortgages, bonds, contracts, or other instruments which the board of directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the board of directors or by these bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of chairman and such other duties as may be prescribed by the board of directors from time to time.

SECTION 6. Vice Chairman of the Board. The vice chairman must be a member of the board of directors at the time of election to such office. In the absence of the chairman or in the event of his death, inability or refusal to act, the vice chairman shall perform the duties of the chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman. The vice chairman shall perform such other duties as from time to time may be assigned to him by the chairman or by the board of directors.

SECTION 7. Secretary. The secretary shall (a) prepare and keep the minutes of the directors' and members' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the association records; (d) authenticate records of the Association; (e) keep a register of the post office address of each member which shall be furnished to the secretary by the Mississippi Department of Insurance; and (f) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the chairman or by the board of directors.

SECTION 8. Treasurer. The treasurer shall (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with these bylaws; and (c) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the chairman or by the board of directors. If required by the board of directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the board of directors shall determine.

SECTION 9. Compensation. The board of directors may fix the compensation of the officers provided that such officers to be compensated are not members of the board of directors. No such payment shall preclude any officer from serving the Association in any other capacity and receiving compensation therefor.

ARTICLE VII. ADMINISTRATION

SECTION 1. Administering Insurer. The board of directors shall select a member, through a competitive bidding process, to serve as administering insurer and administer the health insurance plan of the Association. The board of directors shall evaluate bids submitted based on criteria established by the board of directors, which shall include (a) the member's

proven ability to handle large group accident and health insurance; (b) the efficiency of the member's claims-paying procedures; and (c) an estimate of total charges. The administering insurer shall serve for a period of three (3) years. At least one (1) year prior to the expiration of each three-year period of service by an administering insurer, the board of directors shall invite all members to submit bids to serve as the administering insurer for the succeeding three-year period. The selection of the administering insurer for the succeeding period shall be made at least six (6) months prior to the succeeding three-year period. The administering insurer shall perform the duties set forth in and pursuant to the terms and conditions of the contract between the Association and the administering insurer.

SECTION 2. Other. The board of directors may employ or retain such other persons, firms or corporations to perform such administrative functions as are necessary for the performance of the duties imposed upon the Association. The board of directors may use the mailing address of such person, firm or corporation as the official address of the Association. Such persons may include an Administrator or Executive Director with such authority as may be delegated by the board of directors to implement and carry out broad directives of the board of directors made pursuant to its statutory authority and duties. Such person shall be knowledgeable about insurance matters and administratively capable of implementing the board's directives. Such persons may also include attorneys at law, actuaries, accountants, claims personnel and such other specialists or persons whose advice or assistance is deemed by the board of directors to be necessary to the discharge of its duties imposed by law. The board of directors may agree to compensate such persons so as to best serve the interests of the Association and the public. Such persons, firms or corporations shall keep and maintain such records of their activities as may be required by the board of directors. (Amended March 4, 1993).

ARTICLE VIII. CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. Contracts. The board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

SECTION 2. Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors. Such authority may be general or confined to specific instances.

SECTION 3. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the board of directors.

SECTION 4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, companies or other depositories as the board of directors may select.

ARTICLE IX. INDEMNIFICATION

SECTION 1. Right of Indemnity. The Association shall indemnify its officers and directors, including but not limited to the individual representatives of the member insurers serving on the board of directors, for all reasonable expenses incurred on account of any action taken or not taken by them in the performance of their powers and duties, unless such persons shall be finally adjudged to have committed a breach of duty involving gross negligence, bad faith, dishonesty, willful misfeasance or reckless disregard of the responsibilities of his office or position. Such expenses shall include, but not be limited to, attorneys' fees, judgments, decrees, fines, penalties and amounts paid in settlement actually and necessarily incurred in the defense of any action, suit or proceeding, whether civil, criminal, administrative or investigative, including all appeals, brought against such persons, their testators or intestates.

SECTION 2. Right of Association to Insure. The Association may purchase and maintain insurance on behalf of an officer or director against liability asserted against or incurred by him in that capacity or arising from his status as a director, officer, employee or agent, whether or not the Association would have power to indemnify him against such liability under applicable law.

ARTICLE X. NOTICE

Notice shall be in writing unless oral notice is reasonable under the circumstances. Notice may be communicated in person; by telephone, telegraph, teletype or other form of wire or wireless communication; or by mail or private carrier. If these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation in the area where published; or by radio, television or other form of public broadcast communication.

Written notice to members, if in a comprehensible form, is effective when mailed, if mailed postpaid and correctly addressed to the member's address shown in the Association's current record of members.

Except as provided above with respect to notice to members, written notice, if in a comprehensible form, is effective at the earliest of the following:

(1) When received;

(2) Five (5) days after its deposit in the United States mail, as evidenced by the postmark, if mailed postpaid and correctly addressed;

(3) On the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee.

Oral notice is effective when communicated if communicated in a comprehensible manner.

ARTICLE XI. WAIVER OF NOTICE; ASSENT TO ACTIONS

A member or director of the Association may waive any notice required by applicable law or these amended and restated articles, bylaws and operating rules, before or after the date and time stated in the notice. Except as provided below, the waiver must be in writing, be signed by the member or director entitled to the notice, and delivered to the Association for inclusion in the minutes or filing with the association records.

A director's attendance at or participation in a meeting waives any required notice to him of the meeting unless the director at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. A member's attendance at a meeting (i) waives objection to lack of notice or defective notice of the meeting unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting, and (ii) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the member objects to considering the matter when it is presented.

A director who is present at a meeting of the board of directors or a committee of the board of directors when action is taken is deemed to have assented to the action taken unless: (1) he objects at the beginning of the meeting (or promptly upon his arrival) to holding it or transacting business at the meeting; (2) his dissent or abstention from the action taken is entered in the minutes of the meeting; or (3) he delivers written notice of his dissent or abstention to the presiding officer of the meeting before its adjournment or to the Association immediately after adjournment of the meeting. The right of dissent or abstention shall not be available to a director who votes in favor of the action taken.

ARTICLE XII. ACCOUNTING, RECORDS AND REPORTS

SECTION 1. Fiscal Year. The fiscal year of the Association shall begin on January 1 and end on December 31 in each year.

SECTION 2. Audits. The Association shall conduct periodic audits to assure the general accuracy of the financial, claims and assessment data submitted to the Association. The Association shall have an annual audit of its operations made by an independent certified public accountant.

SECTION 3. Examination. The Association shall submit to and fully cooperate in an annual examination by the Mississippi Department of Insurance. To the extent that the Mississippi Commissioner of Insurance requires as the result of such an annual examination, the board of directors will (a) contract with an outside independent actuarial firm to assess the solvency of the Association and for consultation as to the sufficiency and means of the funding of the Association, and the enrollment in and the eligibility, benefits and rate structure of the health insurance plan to ensure the solvency of the Association; and (b) close enrollment in the health insurance plan at any time upon a determination by the outside independent actuarial firm that funds of the Association are insufficient to support the enrollment of additional persons.

SECTION 4. Records. Minutes of the proceedings of each board meeting and committee meeting shall be written. The original of these minutes shall be retained by the secretary of the board of directors or by such other person as the board may designate. Copies of minutes, reports, records and documents shall be furnished to each board member, to the Mississippi Commissioner of Insurance and to any member upon request and receipt by the Association of payment of copying charges the amount of which shall be determined by the board of directors; provided, however, that such minutes, reports, records and documents relating to the portions of such proceeding which were closed, because of the confidential nature of the matters addressed, shall also be confidential and distribution of such minutes, reports, records and documents shall be limited to the members of the board of directors and the Association's attorneys, employees or agents, considered by the board of directors to be necessary or pertinent to the discussion of the matters addressed or performance of the actions taken during such confidential proceedings.

ARTICLE XIII. HEALTH INSURANCE PLAN

SECTION 1. Major Medical Expense Coverage. The Association shall offer to every eligible person major medical expense coverage pursuant to a health insurance plan adopted by the board of directors but only to the extent that funds of the Association are reasonably anticipated to be sufficient to support the enrollment of such eligible person. The health insurance plan shall provide benefits in accordance with the Act and subject to the terms and conditions of the insurance policy adopted by the board of directors and approved by the Mississippi Department of Insurance. Although the insurance policy is required by the Act to be an annually renewable policy, it is the intent of the Association to renew each policy on its anniversary date or to issue a policy of similar benefits so long as the person remains eligible to obtain coverage from the Association and to the extent that funds of the Association are reasonably anticipated to be sufficient to support such renewal or issuance. (Amended February 12, 1996).

SECTION 2. Optional Coverage. The Association may offer to every eligible person additional types of health insurance policies to provide for optional coverages. The Association may also establish rules, conditions and procedures for reinsuring risks of members desiring to issue Association coverages to individuals otherwise eligible for plan coverages in their own name. (Amended August 14, 1995).

SECTION 3. Eligibility. In order to be eligible to obtain coverage from the Association, a person shall (a) have been rejected by one (1) insurance company, nonprofit health care services plan, fraternal benefit society, health maintenance organization, self-insurance arrangement or any other entity providing a plan of health insurance or health benefits subject to state insurance regulation for coverage substantially similar to the Association coverage without material underwriting restriction at a rate equal to or less than the Association plan rate; (b) have been a legal resident of Mississippi for six (6) consecutive months prior to application for coverage by the Association; (c) not be eligible for Medicaid or Medicare benefits; (d) not have received $1,000,000 in benefits from the Association or any organization similar to the Association; (e) not have equivalent coverages under another contract or policy except that a person may maintain (i) other coverage for the period of time the person is satisfying a preexisting condition waiting period under Association coverage and (ii) Association coverage for the period of time the person is satisfying a preexisting condition waiting period under

another health insurance policy intended to replace the Association coverage; (f) not be an inmate or resident of a public institution; and (g) not have premiums paid for or reimbursed under any government sponsored program or by any government agency or health care provider, except as an otherwise qualifying full-time employee, or dependent thereof, of a government agency or health care provider. The board of directors shall promulgate a list of medical or health conditions, the existence of which would eliminate the necessity of a person demonstrating rejection of coverage but shall in no way operate to waive any of the other eligibility requirements set forth herein. The list of medical or health conditions may be amended by the board of directors from time to time. The residency requirement shall be waived with respect to any person who changes his domicile to Mississippi and who at the time domicile is established in Mississippi is insured by an organization similar to the Association.

It is the intent of the Association to serve as the State of Mississippi's alternative mechanism to the individual market rules under the Health Insurance Portability and Accountability Act of 1996 as approved August 21, 1996 ("HIPAA"). As a result and in order to comply with the requirements of HIPAA, effective July 1, 1997 or such later date as the Centers for Medicare and Medicaid Services, United States Department of Health and Human Services, shall have provided to the Association a letter or other written documentation indicating to the effect that the Association is an acceptable alternative mechanism under HIPAA, federally defined eligible individuals shall not be required to obtain rejections for coverage prior to obtaining coverage from the Association and no prior residency requirement nor any preexisting condition exclusions shall apply to any federally defined eligible individual. For purposes of this paragraph, "federally defined eligible individual" shall mean an individual (a) for whom, as of the date on which the individual seeks coverage from the Association, the aggregate of the periods of creditable coverage is eighteen (18) or more months; (b) whose most recent prior creditable coverage was under a group health plan, governmental plan, or church plan (or health insurance coverage offered in connection with such a plan); (c) who is not eligible for coverage under a group health plan, Part A or Part B of title XVIII of the Social Security Act, or a state plan under title XIX of the Social Security Act or any successor program, and who does not have other health insurance coverage; (d) with respect to whom the most recent coverage within the period of aggregate creditable coverage was not terminated based on nonpayment of premiums or fraud; (e) who, if offered the option of continuation coverage under a COBRA continuation provision or under a similar state program, elected such coverage; and (f) who has exhausted continuation coverage under such provision or program if the individual elected such continuation coverage described in subparagraph (e) of this paragraph. For purposes of determining federally defined eligible individual status, "creditable coverage" shall mean, with respect to an individual, coverage of the individual under any of the following: (a) group health plan; (b) health insurance coverage; (c) Part A or Part B of title XVIII of the Social Security Act; (d) title XIX of the Social Security Act, other than coverage consisting solely of benefits under section 1928; (e) chapter 55 of title 10, United States Code; (f) medical care program of the Indian Health Services or of a tribal organization; (g) state health benefits risk pool; (h) health plan offered under chapter 89 of title 5, United States Code; (i) public health plan as defined in federal regulations; (j) health benefit plan under section 5(e) of the Peace Corps Act (22 U.S.C. 2504(e)). "Creditable coverage" does not include coverage consisting solely of coverage only for accident, or disability income insurance, or any combination thereof; coverage issued as a supplement to liability insurance; liability insurance, including general liability insurance and automobile liability insurance; workers' compensation or similar insurance; automobile medical

payment insurance; credit-only insurance; coverage for on-site medical clinics; other similar insurance coverage under which benefits for medical care are secondary or incidental to other insurance benefits; limited scope dental or vision benefits; benefits for long-term care, nursing home care, home health care, community-based care, or any combination thereof; such other similar, limited benefits as may be specified in federal regulations; coverage only for a specified disease or illness; and hospital indemnity or other fixed indemnity insurance. A period of creditable coverage shall not be counted with respect to the enrollment of an individual if after such period and before the enrollment date the individual experienced a significant break in coverage, defined as a period of sixty-three (63) consecutive days during all of which the individual does not have any creditable coverage except that neither a waiting period nor an affiliation period is taken into account in determining a significant break in coverage.

It is the intent of the Association to establish a pilot program to enable persons that lose individual health coverage under certain circumstances and through no fault of their own to obtain coverage with no preexisting condition exclusions. For the period of such program as established by the board of directors no preexisting condition exclusions shall apply to any state eligible individual. For purposes of this paragraph, "state eligible individual" shall mean an individual (a) for whom, as of the date on which the individual seeks coverage from the Association, the aggregate of the periods of creditable coverage is eighteen (18) or more months; (b) whose most recent prior creditable coverage was under an individual health insurance policy written by an insurer licensed to transact insurance in the State of Mississippi; (c) who is not eligible for coverage under a group health plan, Part A or Part B of title XVIII of the Social Security Act, or a state plan under title XIX of the Social Security Act or any successor program, and who does not have other health insurance coverage; (d) with respect to whom the most recent coverage within the period of aggregate creditable coverage was terminated through no fault of the individual such as the carrier's withdrawal from the state, discontinuance of a market or liquidation, rehabilitation or conservation and was not terminated based on nonpayment of premiums or fraud; (e) who, if offered the option of continuation coverage under a COBRA continuation provision or under a similar state program, elected such coverage; and (f) who has exhausted continuation coverage under such provision or program, if the individual elected such continuation coverage described in subparagraph (e) of this paragraph. For purposes of determining state eligible individual status, "creditable coverage" shall mean, with respect to an individual, coverage of the individual under any of the following: (a) group health plan; (b) health insurance coverage; (c) Part A or Part B of title XVIII of the Social Security Act; (d) title XIX of the Social Security Act, other than coverage consisting solely of benefits under section 1928; (e) chapter 55 of title 10, United States Code; (f) medical care program of the Indian Health Services or of a tribal organization; (g) state health benefits risk pool; (h) health plan offered under chapter 89 of title 5, United States Code; (i) public health plan as defined in federal regulations; (j) health benefit plan under section 5(e) of the Peace Corps Act (22 U.S.C. 2504(e)). "Creditable coverage" does not include coverage consisting solely of coverage only for accident, or disability income insurance, or any combination thereof; coverage issued as a supplement to liability insurance; liability insurance, including general liability insurance and automobile liability insurance; workers' compensation or similar insurance; automobile medical payment insurance; credit-only insurance; coverage for on-site medical clinics; other similar insurance coverage under which benefits for medical care are secondary or incidental to other insurance benefits; limited scope dental or vision benefits; benefits for long-term care, nursing home care, home health care, community-based care, or any combination thereof; such other

similar, limited benefits as may be specified in federal regulations; coverage only for a specified disease or illness; and hospital indemnity or other fixed indemnity insurance. A period of creditable coverage shall not be counted with respect to the enrollment of an individual if after such period and before the enrollment date the individual experienced a significant break in coverage, defined as a period of sixty-three (63) consecutive days during all of which the individual does not have any creditable coverage except that neither a waiting period nor an affiliation period is taken into account in determining a significant break in coverage.

The coverage of any person who ceases to meet the eligibility requirements of this section may be terminated immediately. Any person who terminates coverage with the Association shall not be eligible for coverage unless twelve (12) months have elapsed since the person's latest termination. Any person whose health insurance coverage is involuntarily terminated for any reason other than nonpayment of premium and who is otherwise eligible for coverage may apply for coverage with the Association and if such coverage is applied for within sixty (60) days after the involuntary termination and if premiums are paid for the entire period of coverage, the effective date of the coverage shall be the date of termination of the previous coverage. (Amended April 15, 1992, August 14, 1995, July 1, 1997, January 1, 2003, August 27, 2009).

SECTION 4. Excess Coverage. The Association shall be the payer of last resort of benefits whenever any other benefit or source of third party payment is available. The coverage provided by the Association shall be considered excess coverage, and benefits otherwise payable under the Association coverage shall be reduced by all amounts paid or payable through any other health insurance coverage and by all hospital and medical expense benefits paid or payable under any workers' compensation coverage, automobile medical payment or liability insurance whether provided on the basis of fault or nonfault, and by any hospital or medical benefits paid or payable by any insurer or insurance arrangement or any hospital or medical benefits paid or payable under or provided pursuant to any state or federal law or program. No amounts paid or payable by Medicare or any other governmental program or any other insurance, or self-insurance maintained in lieu of otherwise statutorily required insurance, may be made or recognized as claims under such policy or be recognized as or towards satisfaction of applicable deductibles or out-of-pocket maximums or to reduce the limits of benefits available. The Association shall have a cause of action against a participant for the recovery of the amount of any benefits paid to the participant which should not have been claimed or recognized as claims because of the provisions hereof or because otherwise not covered. Benefits due from the Association may be reduced or refused as a setoff against any amount recoverable hereunder. (Amended August 14, 1995, August 27, 2009).

SECTION 5. Agent Referral Fee. The Association shall pay a referral fee as established by the board of directors to each insurance agent who refers an applicant to the Association if the applicant's application is accepted by the Association.

ARTICLE XIV. ASSESSMENTS

SECTION 1. Organizational Assessments. The Association shall levy organizational assessments against members of the Association in accordance with the requirements of the Act and in the manner and amounts to be determined by the board of directors. Organizational

assessments shall be equal in amount for all members, but shall not exceed One Hundred Dollars ($100.00) per member for all such organizational assessments.

SECTION 2. Operational Assessments. The Association shall levy operational assessments against members of the Association in accordance with the requirements of the Act and in the manner and amounts to be determined by the board of directors based on actuarial valuations of reserves necessary to provide for claims paid and administrative expenses incurred or estimated to be incurred during the period for which the assessment is made. Operational assessments shall not exceed Three Dollars ($3.00) per covered person per month. For purposes of this paragraph "covered person" shall mean any Mississippi resident (excluding dependents) who is eligible to receive benefits from any insurance company, nonprofit health care services plan, fraternal benefit society, health maintenance organization, self-insurance arrangement or any other entity providing a plan of health insurance coverage or health benefits subject to state insurance regulation or with respect to whom a reinsurer provides health care benefits or reinsures health insurance risk. Excluded from the definition of covered person are persons covered under Federal and State employee programs and persons covered under any short-term, accident, dental-only, vision-only, fixed indemnity, limited benefit or credit insurance, coverage issued as a supplement to liability insurance, insurance arising out of a workers' compensation or similar law, automobile medical-payment insurance or insurance under which benefits are payable with or without regard to fault and which is statutorily required to be contained in any liability insurance policy or equivalent self-insurance. The Association shall make reasonable efforts designed to ensure that each covered person is counted only once with respect to any assessment. For that purpose, the Association shall require each insurer that obtains excess or stoploss insurance to include in its count of covered persons all individuals whose coverage is insured (including by way of excess or stoploss coverage) in whole or part. The Association shall allow a reinsurer to exclude from its number of covered persons those who have been counted by the primary insurer or by the primary reinsurer or primary excess or stoploss insurer for the purpose of determining its assessment under this section. The number of covered persons reported by each member shall be subject to audit and verification by the Association. (Amended August 14, 1995, April 11, 2003, August 27, 2009).

SECTION 3. Payment of Assessments, Disputes, Past Due Assessments. Assessments levied by the Association pursuant to the Act and this Article XIV of these amended and restated articles, bylaws and operating rules shall be due and payable not less than thirty (30) days after written notice of the assessment to the members. Disputes concerning liability to pay an assessment or the amount of an assessment shall not be cause to withhold payment of the assessment. Such disputes shall be submitted to the Association as a grievance in accordance with the procedures set forth in Article XV of these amended and restated articles, bylaws and operating rules after payment of the assessment. Assessments not paid in full by the due date shall accrue interest at the rate of twelve percent (12%) per annum on and after such due date. The Mississippi Commissioner of Insurance may suspend or revoke, after notice and hearing, the certificate of authority to transact insurance in this state of any member insurer which fails to pay an assessment or otherwise file any report or furnish information required to be filed with the board pursuant to the board's direction that the board determines is necessary in order for the board to perform its duties hereunder. As an alternative, the Mississippi Commissioner of Insurance may levy a forfeiture on any member insurer which fails to pay an assessment when due. Such forfeiture shall not exceed five percent (5%) of the unpaid assessment per month, but

no forfeiture shall be less than One Hundred Dollars ($100.00) per month. (Amended August 14, 1995, August 27, 2009).

SECTION 4. Deferment, Abatement of Assessments. The Association may defer or abate, in whole or in part, the assessment against a member if it is determined by the board of directors that the costs associated with making and collecting such assessment would make the assessment not economically feasible or the payment of the assessment would endanger the ability of the member to fulfill its contractual obligations. In the event an assessment against a member is deferred or abated, in whole or in part, the amounts by which such assessment is deferred or abated may be assessed against other members in a manner consistent with the basis for assessments set forth in these amended and restated articles, bylaws and operating rules, subject to the requirements of the Act. A member receiving a deferment or abatement shall remain liable to the Association for the amount of the deferment or abatement. In the event an assessment which was previously deferred or abated is later recovered by the Association, the Association shall credit such recovery against future assessment made against other members who paid the assessment as a result of such deferment or abatement.

SECTION 5. Credit, Refund of Overpayment of Assessments. Any claim for credit or refund of an overpayment of any assessment shall be submitted in writing to the Association within a reasonable time period. Any such written request for credit or refund shall be submitted within two (2) years from the time the assessment was due and payable or one (1) year from the time the assessment was paid, whichever of such periods expires the later, unless the member making such request provides substantial justification for later submission. Any such written request for credit or refund shall be handled in the same manner as a grievance as provided for in Article XV of these amended and restated articles, bylaws and operating rules. To the extent that the Association determines that an assessment has been overpaid, the Association shall credit such overpayment without interest against future assessment made against the member who paid the overpayment. Any unused balance of the credit remaining after one (1) year from the time of such determination of overpayment by the Association shall be paid to the member without interest in annual installments not to exceed a period of three (3) years. (Amended April 22, 2004).

ARTICLE XV. GRIEVANCES AND APPEALS

SECTION 1. Grievances. Any grievance of an applicant or participant in the health insurance plan of the Association shall be submitted to the administering insurer of the Association in accordance with procedures to be set forth in the application for coverage by the Association. Any grievance of a member or an applicant or participant in the health insurance plan of the Association not resolved by the administering insurer shall be submitted in writing to the Association at the Association's principal place of business. The board of directors or a committee established by the board of directors shall act on the grievance within thirty (30) days of receipt of the grievance by the Association unless a later date is agreed to in writing by the aggrieved party and the Association. (Amended October 13, 1993).

SECTION 2. Appeals. Any member or former member of the Association or applicant or participant in the health insurance plan of the Association aggrieved by an act of the board of directors or the Association shall appeal to the board of directors within fifteen (15) days of the

act of the board of directors or the Association before appealing to the Mississippi Commissioner of Insurance. If such member is aggrieved by the final action or decision of the board of directors on the appeal, or if the board of directors declines or fails to act on such appeal within thirty (30) days, the member, applicant or participant may appeal to the Mississippi Commissioner of Insurance within thirty (30) days after the action or decision of the board of directors or the expiration of the thirty (30) day period within which the board of directors failed to act on such appeal. The application for coverage by the Association shall provide notice that grievances and appeals shall be handled in accordance with Article XV of these amended and restated articles, bylaws and operating rules and that a copy of Article XV of these amended and restated articles, bylaws and operating rules may be obtained upon written request to the Association.

ARTICLE XVI. HEALTH INSURANCE EXCHANGE

The Commissioner of Insurance has advised the Association of his determination that the Association presents the most desirable option available for prompt implementation in Mississippi of a health benefit exchange that will facilitate the purchase of qualified health plans for individuals and small employers. The Commissioner intends by this amendment to these articles, bylaws and operating rules to approve the establishment and operation of a Mississippi Health Insurance Exchange (the "Exchange") that may be flexible enough to comply with federal and state law as it exists now and as it may be amended or enacted in the future.

On May 16, 2011, the board of directors of the Association authorized and approved the establishment and operation by the Association of the Exchange. Such authorization and approval is expressly subject to the availability of adequate funding from the Mississippi Department of Insurance and/or HHS grants until January 1, 2015, the date by which the Exchange is required to be financially self-sustaining.

It is the intent of the Association, upon receipt of such funding, to establish and operate the Exchange. The Association shall provide to the Mississippi Department of Insurance such information as may be necessary for the Department to obtain federal grants pursuant to Funding Opportunity "Cooperative Agreement to Support Establishment of State-Operated Health Insurance Exchange," CFDA Number 93.525 dated January 20, 2011, or any such other funding opportunity, to fund the Exchange through 2014.

All functions of the Exchange shall be exercised by or under the authority of, and the Exchange business and affairs managed under the direction of, the board of directors of the Association, subject to any limitation set forth in these amended and restated articles, bylaws and operating rules.

In connection with establishing and operating the Exchange, the Association shall develop (i) a complete budget through 2014, (ii) an initial plan discussing financial sustainability by 2015, (iii) a plan outlining steps to prevent fraud, waste and abuse, and (iv) a plan describing how capacity for providing assistance to individuals and small businesses in Mississippi will be created, continued and/or expanded, including provision for a call center. In developing such budget and plans, the Association may consult with and draw on the expertise available through representatives of the Mississippi Department of Insurance and outside consultants retained by

the Department regarding health insurance exchange and healthcare reform matters, any state or federal governmental agency, trade associations, or any other organizations or individuals as the Association deems appropriate.

The functions of the Exchange shall, at a minimum, include:

(A) Implementing procedures for the certification, recertification and decertification of health plans as qualified health plans, consistent with state and federal guidelines;

(B) Providing for the operation of a toll-free telephone hotline to respond to requests for assistance;

(C) Maintaining an Internet website through which enrollees and prospective enrollees of qualified health plans may obtain standardized comparative information on such plans;

(D) Assigning a rating to each qualified health plan offered through the Exchange in accordance with state and federal guidelines;

(E) Utilizing a standardized format for presenting health benefits plan options in the Exchange;

(F) Informing individuals of eligibility requirements for Medicaid, CHIP, or any applicable state, federal or local public program and providing a mechanism that will facilitate enrollment of eligible individuals in such programs;

(G) Establishing and making available by electronic means a calculator to determine the actual cost of coverage after any available premium credits, reductions or adjustments are applied;

(H) Establishing a consumer outreach program.

It is anticipated that in connection with the establishment and operation of the Exchange these amended and restated articles, bylaws and operating rules will be further amended as appropriate to be consistent with state and federal guidelines. (Amended June 13, 2011).

ARTICLE XVII. AMENDMENTS

The board of directors may amend or repeal these amended and restated articles, bylaws and operating rules and adopt new articles, bylaws and operating rules at any regular or special meeting of the board of directors subject to the approval of the Mississippi Commissioner of Insurance. (Amended June 13, 2011).

ARTICLE XVIII. APPLICABILITY

To the extent that these amended and restated articles, bylaws and operating rules are inconsistent with the Act as it may be amended from time to time, the Act governs. (Amended June 13, 2011).

APPROVAL

I, Mike Chaney, Commissioner of Insurance for the State of Mississippi, do hereby on behalf of the Mississippi Department of Insurance approve the attached new Article XVI, Health Insurance Exchange, and the renumbering of subsequent articles of the Amended and Restated Articles, Bylaws and Operating Rules of the Comprehensive Health Insurance Risk Pool Association.

WITNESS my signature on this, the 23rd day of June, 2011.

MIKE CHANEY
COMMISSIONER OF INSURANCE

By: _____
Mike Chaney
Commissioner of Insurance

[Insert as new Article XVI and renumber subsequent articles]

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In connection with establishing and operating the Exchange, the Association shall develop (i) a complete budget through 2014, (ii) an initial plan discussing financial sustainability by 2015, (iii) a plan outlining steps to prevent fraud, waste and abuse, and (iv) a plan describing how capacity for providing assistance to individuals and small businesses in Mississippi will be created, continued and/or expanded, including provision for a call center. In developing such budget and

plans, the Association may consult with and draw on the expertise available through representatives of the Mississippi Department of Insurance and outside consultants retained by the Department regarding health insurance exchange and healthcare reform matters, any state or federal governmental agency, trade associations, or any other organizations or individuals as the Association deems appropriate.

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(G) Establishing and making available by electronic means a calculator to determine the actual cost of coverage after any available premium credits, reductions or adjustments are applied;

(H) Establishing a consumer outreach program.

It is anticipated that in connection with the establishment and operation of the Exchange these amended and restated articles, bylaws and operating rules will be further amended as appropriate to be consistent with state and federal guidelines.

APPENDIX B

MISSISSIPPI COMPREHENSIVE HEALTH INSURANCE RISK POOL ASSOCIATION

CONFLICTS OF INTEREST AND BUSINESS ETHICS POLICY

CONFLICTS OF INTEREST AND BUSINESS ETHICS POLICY

ARTICLE I. PURPOSE

The purpose of the conflicts of interest and business ethics policy is to protect the Comprehensive Health Insurance Risk Pool Association's (the "Association") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Association or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

ARTICLE II. DEFINITIONS

SECTION 1. Interested Person. Any director, principal officer, member of a committee with governing board delegated powers or Executive Director, who has a direct or indirect financial interest, as defined below, is an interested person.

SECTION 2. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

a. An ownership or investment interest in any entity with which the Association has a transaction or arrangement,

b. A compensation arrangement with the Association or with any entity or individual with which the Association has a transaction or arrangement, or

c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Association is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

SECTION 3. Policy Statement. Statements of policy applicable to each individual representative of the member companies which have been elected to the Board of Directors, each individual appointed to the Board of Directors and the Executive Director which are attached hereto as Exhibit "A."

ARTICLE III. PROCEDURES

SECTION 1. Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

SECTION 2. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a

conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

SECTION 3. Procedures for Addressing the Conflict of Interest.

a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the governing board or committee shall determine whether the Association can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Association's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

SECTION 4. Violations of the Conflicts of Interest and Business Ethics Policy.

a. If the governing board or committee has reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the interested person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose.

b. If, after hearing the interested person's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the interested person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE IV. RECORDS OF PROCEEDINGS

The minutes of the governing board and all committees with board delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

ARTICLE V. COMPENSATION

a. A voting member of the governing board who receives compensation, directly or indirectly, from the Association for services is precluded from voting on matters pertaining to that member's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Association for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Association, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

ARTICLE VI. ANNUAL STATEMENTS

Each director, principal officer, member of a committee with governing board delegated powers, and Executive Director shall annually sign a statement which affirms such person:

a. Has received a copy of the conflicts of interest and business ethics policy,

b. Has read and understands the policy,

c. Has agreed to comply with the policy, and

d. Understands the Association is a tax exempt organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

ARTICLE VII. PERIODIC REVIEWS

To ensure the Association operates in a manner consistent with its tax-exempt purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Association's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

ARTICLE VIII. USE OF OUTSIDE EXPERTS

When conducting the periodic reviews as provided for in Article VII, the Association may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

COMPREHENSIVE HEALTH INSURANCE RISK POOL ASSOCIATION

STATEMENTS OF POLICY

These statements of policy apply to each individual representative of the member companies which have been elected to the Board of Directors, each individual appointed to the Board of Directors and the Executive Director.

POLICY STATEMENT 1

A named person may not accept any gift or favor, however nominal, which could reasonably be perceived as tending to influence any business decision made or to be made on behalf of the Association.

POLICY STATEMENT 2

A named person may not seek to use his/her position in a manner to derive a personal monetary benefit or benefit for the member by which he/she is employed.

POLICY STATEMENT 3

A named person may not utilize any nonpublic information acquired as a result of the performance of Association duties to derive any personal monetary benefit or benefit for the member by which he/she is employed, through securities trading or otherwise, directly or indirectly. All such nonpublic information, if material, shall be disseminated only within the organization, to member associations, and to industry members, but on a "need to know" basis and under circumstances where the recipient of such information has committed to keep such information confidential and not use such information to derive any personal monetary benefit.

POLICY STATEMENT 4

A named person shall immediately and fully disclose to the Association any interest in any matter which might reasonably represent a conflict of interest, or the appearance of one, within the context of the individual's duties on behalf of the Association.

POLICY STATEMENT 5

A named person should not engage in any unlawful, improper or unethical conduct on the Association's behalf.

POLICY STATEMENT 6

A named person who becomes aware of any violation or possible violation by someone else of any of these rules shall immediately report the facts and circumstances in confidence to the Chairman and Executive Director or the Association's Compliance Officer.

EXHIBIT "A"

APPENDIX C

Mississippi Small Group and Individual Exchange "By Mississippians, For Mississippians"

Phase I
Secondary Research and Data Analysis
Stakeholder Interviews and Mini-Focus Groups

Mississippi Insurance Department
Preliminary Draft

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Section 1: Report Introduction

A key feature of the Patient Protection Affordable Care Act (PPACA) is the mandate to establish a health insurance exchange for each state (or multi-state region) by 2014. States that do not comply with the mandate will be required to participate in a federally-designated exchange. Because of the uniquechallenges and needs associated with each state, many have begun the initial phase of designing their own exchange. This report offers key insights that are critical to designing and implementing a successful exchange in the State of Mississippi.

One goal of an exchange is to increase theoverall accessibility of health insurance for small businesses and individuals. The primary components of past successful exchanges include(1) high levels of participation, (2) transparency, (3) user simplicity, and (4) a choice of health planoptions offered by various carriers. Together, these components promote competition, quality of health care, and better cost management. Exchanges can also serve as a tool for distributing health subsidies to qualified individuals.

An exchange is not a panacea for all health care challenges. In the short-run, health insurance premiumswill not be significantly impacted by an exchange. However, a health insurance exchange is an important step toward making health care coverage options more accessible to small businesses and individuals.

Mississippi has many distinct health and economic needs. As of 2010, 18 percent of Mississippi residents were uninsured. Additionally, the PPACA willincrease Medicaid eligibility in the state from just under 24 percent to approximately 34-38 percent of residents. Moreover,55 percent of the state's residents live in rural areas.[1]Mississippi ranks last [nationally] in the percentage of public high school students who graduate.[2] The state ranks last in the percentage of people who use the Internet inside or outside the home.[3] Furthermore, Mississippi ranks first in adult obesity, first in the number of adults who report no physical activity in the past month, first in heart disease deaths, first in teen birth rates, first in traffic fatalities, and second in infant mortality.[4] These challenges reinforce the need for an exchange built by Mississippians, for Mississippians.

The State of Mississippi has chosen to preempt federal involvement by implementing an exchange that best serves the unique needs of its residents. It is imperative that the exchange becarried out with high efficiency in order to maximize its impact, while preserving taxpayer dollars. To that end, the Mississippi Insurance Department (MID) has hired Leavitt Partners and Cicero Group[5] to assist in designing an effective exchange for the state.

This report includes results from more than sixty in-depth interviews[6] with Mississippi legislators, business associations, economic development leaders, consumer advocates, health care providers, insurance carriers, broker representatives, small businesses, and policy analysts. Also included is an extensive review of secondary research that relates to exchanges nationally. This report provides a

[1]United States Department of Agriculture. *United States Department of Agriculture.* http://www.ers.usda.gov/statefacts/ms.htm (accessed March 7, 2011).
[2]National Cener for Education Statistics, US. *Trends in High School Dropout and Completion Rates in the United States.* December 2010. http://nces.ed.gov/pubs2011/2011012.pdf (accessed March 7, 2011).
[3]National Telecommunications and Inforamtion Administration, US Department of Commerce. *Current Population Survey, Internet Use 2010.* http://www.ntia.doc.gov/data/CPS2010Tables/Tables_3.xlsx (accessed March 7, 2011).
[4]United States Department of Health and Human Services – Centers for Disease Control and Prevention (CDC). National Center for Health Statistics, Mississiippi Vital Records – Mississippi State Department of Health (MSDS), Behavioral Risk Factor Surveillance Systems – CDC, MSDH STD/HIV Office, National Center for Health Statistics, Henry J. Kaiser Family Foundation – State Health Facts. (accessed April 12, 2011).
[5] Company profiles of Leavitt Partners and Cicero Group are located in the "Methodology" section of this report.
[6] Notes from interviews and small business and broker mini focus groups are an overview of the discussion, not a transcription.

foundation for future qualitative and quantitative research that will be necessary to create the optimal exchange for the State of Mississippi.

Section 2: Executive Summary

1. **Health Insurance and Exchange Confusion:** Among all respondents (including health experts), there was confusion about health insurance and the health insurance exchange. Respondents suggest that part of the confusion about health insurance and exchanges stems from the ambiguity of the Patient Protection and Affordable Care Act (PPACA). For example, very few respondents knew whether insurance would be guarantee issuance within the small business exchange.

2. **Exchange Design:** As an outgrowth of the confusion surrounding health insurance and exchanges, respondents unanimously stressed the importance of simplicity in the exchange. The following represent the most reiterated recommendations from respondents for making the exchange simple:

   - **Marketing and Education:**
     - Mississippi will serve an extremely diverse audience. The needs of Mississippians differ by region, ethnicity, and socioeconomic status. Those implementing the exchange must apply tailored marketing and presentation to appeal to these diverse groups. Outreach must include a variety of channels, including business associations, chambers of commerce, economic development organizations, community health groups, providers (e.g. physicians and nurses), churches, social and community organizations, and traditional media.
     - Outreach initiatives should rely heavily on graphics rather than text in the marketing and educational material.
     - Ensure that the individuals providing education about the exchange, whether in-person or by phone, can present complex concepts of adverse selection, risk pooling, insurance, and the exchange in a simple and easy to understand manner.
   - **Enrollment:**
     - Allow those wishing to enroll in the exchange to do so by web, phone, mail, or in-person.
     - Offer enrollment opportunities immediately after small businesses and individuals receive education about the exchange.
     - Design anonline interface that is simple enough for individuals with limited education and Internet knowledge to navigate.

   - **Product Offerings:**
     - Additionally, consider offering a basic plan with the option of add-ons(e.g. maternity, vision, dental, mental, pharmacy, first-dollar emergency room, etc).
     - Create a solution like the Medicare supplement model, where individuals can compare similar plans across carriers. Carriers then compete on price, service, or network.
   - Insurance Market Structure:
     - A simple defined contribution plan will allow employers to shift the burden of selecting the "right" plan for all workers, to the individual employees themselves. Such a solution must be simple enough for any employee to select a plan they understand and that fits their needs.
     - Carriers and brokers were concerned that a defined contribution model would create significant administrative challenges. It was believed that the model would increase the number of support calls they [carriers and brokers] receive and be particularly burdensome during enrollment periods.
   - **Administration:**

- Ensure that the exchange integrates simply with the day-to-day operations of businesses (e.g. easy to add full-time and part-time employees, pay bills, and review health plan statuses of employees).
- Provide a simple online and offline process where individuals can easily access and review their current policy, and evaluate various options within a framework that constrains excessive plan switching or cancellation.
- Create a separate administrative process for serving the 133-200 percent federal poverty level population. This group will churn in-and-out of Medicaid eligibility, which if not kept separate will increase the administrative burden for the exchange.

3. **Rural, Technological, and Educational Challenges**: Respondents identified Mississippi's rural population, low rates of education attainment, and relative lack of computer literacy as some of the largest challenges for the exchange. Other respondents shared the desire for properly setting expectations that the exchange will not immediately lower insurance costs,broadening stakeholder involvement, and developing a more manageable governing and regulatory body.

4. **A State-Sponsored Tool for Economic Development**:The consensus among respondents was that the exchange should not be viewed as an extension of "ObamaCare," but rather a resource built by Mississippians, for Mississippians. Small business and economic development leaders explained that the exchange should be viewedas a resource for attracting and retaining employees, rather than a tool for reducing insurance costs. For example, the exchange should include case studies showing why offering insurance can improve profits for small businesses (e.g. benefits of healthy workers, increased employee retention rates, attracting productive employees). Some worried that participation in the exchange could suffer if itis linked too closely with entitlement programs.

   Regulation, Rules, and Adverse Selection: Brokers and small business respondents expect the exchange to be regulated by the Mississippi Insurance Department, with the Governing Board of Directors consisting of businesses, consumer advocates, health providers (e.g. nurses and physicians), and insurance representatives. Respondents (excluding legislators) believed an exchange housed within a state agency would be too slow and bureaucratic. However, legislators expressed a strong desire that the exchange be subject to legislative oversight. While only explicitly identified by state leaders, carriers, brokers, and policy analysts, adverse risk is the greatest threat to Mississippi's exchange. High participation rates will reduce the likelihood of adverse selection. The exchange must also limit behaviors that negatively impact risk pools including only purchasing insurance when individuals are ill or hurt. Regulation must be balanced by the flexibility small businesses need to grow.

5. **Funding**: Most respondents could not identify an effective solution for funding the exchange. Brokers and various state leaders suggested funding the health exchange through a mechanism similar to that of the Mississippi Comprehensive Health Insurance Risk Pool Association. Specifically, these respondents recommended that carriers be charged an exchange assessment fee.

6. **Navigators**: Consumer advocates, policy analysts, small businesses, brokers, and some state leaders communicated that navigators must have the ability to educate and enroll participants in the exchange. Furthermore, these same respondents believe commission/compensation should be a flat monthly rate, per-person-enrolled, regardless of the plan or carrier. Furthermore, these individuals must be registered and licensed by the state. Consumer advocates, community health leaders, and economic development leaders all expressed interest in serving as navigators.

7. **Brokers**: All respondents voiced the critical role that brokers will play in the exchange. Yet, most (excluding brokers) spoke of the increasingly consultative role brokers will need to assume.

Respondents acknowledged that broker involvement must be driven by an economic incentive. Yet, such compensation should be given on a flat monthly fee, per-person-enrolled basis, to avoid bias toward one option over another.Furthermore, compensation should be consistent across all plans and carriers. Most respondents believe brokers can as assume the role of a navigator if they are licensed through an exchange certification process. When asked about the benefits of the exchange, brokers spoke of the opportunity to cross sell and offer products to individuals who were previously unqualified for insurance.

8. **Increasing Participation:** There is confusion among respondents about whether the exchange will immediately lead to lower insurance costs. Carriers, state leaders, and policy analysis stressed the importance of explaining that the allure of the exchange should not be cost savings. Rates inside the exchange will be the same as those in the outside market;therefore,the state should disassociate the exchange from the belief that it will result in decreased premium costs. Small business owners, who understood that the exchange would not lead to lower premiums, spoke of the exchange's ability to help them attract and retain employees. While there was no uniform consensus, respondents suggested promoting the following aspects of the exchange:

    - A defined contribution model, which would help employers realize predictable health care costs.
    - Increased health plan empowerment and choice for employees.
    - Simple plan administration that integrates into the daily operations of businesses (e.g. intuitive, automated bill pay, and payment facilitator).
    - The ability for part-time employees to aggregate benefits from multiple employers.
    - Portability of insurance for employees.
    - A mechanism for distributing subsidies, making health care affordable for employees who qualify.

9. **Exchange Rollout Tests:** Policy analysts, community health providers, and various state leaders suggested the exchange be rolled outto a small group first, perhaps a government agency or small city. Depending on the outcome of the pilot test, the exchange will have the ability to make changes before presented to the public. Some of these respondents further recommended that the state consider enrolling its local state employees in the exchange to reach critical mass more quickly.

10. **Outreach:** All respondents spoke about the challenge of educating the public and small business community about the exchange. Yet, these same respondents spoke about Mississippi's strong, existing networks for outreach and education. Outreach channels include brokers, chambers of commerce, planning and development districts, economic development groups, industry and business associations, state health departments, community health centers (FQHCs), health care providers (e.g. nurse practitioners and physicians), churches, schools, and community/advocacy groups. Respondents recommended that the exchange leverage these existing networks to facilitate an in-person outreach and enrollment campaign.

11. **Marketing:** Community health leaders, brokers, state leaders, small businesses, and policy analysts think the marketing campaign should combine in-person and organizational outreach with traditional media (e.g. television, magazines, mailers, newspapers, and online). Additionally, many respondents suggested that the name "exchange" is difficult to understand, and may conjure perceptions not representative of the role of the health exchange. When asked for alternative names for the exchange, suggestions included Magnolia Health (already taken and therefore used in this report simply as an illustration), Small Business Health Marketplace, or The Mississippi Health Outlet.

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APPENDIX D

Mississippi Data Report I

Demographic, Social, and Economic Information for Mississippi Counties and Select Cities

Developed for the

Mississippi Insurance Department

05/27/2011

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The purpose of this report is to provide the Mississippi Insurance Department (MID) with demographic, social, and economic information for all counties and select cities in the state. These data will add to the background research being used by MID in its exchange planning process. The data presented in this report will inform MID of the demographic, social, and economic situation in each county or city. This will in turn allow the Department to develop education and implementation strategies specific to those areas, supporting the establishment of a Health Insurance Exchange that meets the objectives of the state and the needs of Mississippi residents.

Data are provided for each of Mississippi's 82 counties as well as 16 select cities. The 16 cities included in this report are the cities in which stakeholder meetings will be held in June 2011. Because more current data on health insurance coverage rates are provided in a separate report, this report focuses on the demographic, social, and economic factors outside of health that affect a population's well-being. Pairing this information with health insurance coverage data provides a complete picture of the possible challenges MID will face in each area as they inform, educate, and ultimately enroll individuals in an exchange.

About the Data

Data used in this report come from the U.S. Census Bureau's 2005-2009 American Community Survey 5-year Estimates. Survey data from five years is averaged to reduce the sampling error that arises from small county and city populations. While the five year estimate isn't ideal for showing current economic conditions, it provides complete and accurate data that can be used in county-to-county comparisons.

Demographic Data

Population

The state of Mississippi is home to about 2.9 million people. The percent of its population under 18 years of age is 26.2%, slightly above the national average of 24.6%.According to the data, Hinds County is the largest county in Mississippi, with roughly 250,000 people. Issaquena County is the smallest with just slightly more than 2,000 people. Tunica County, however, has the largest percent of the population under 18 years of age (31.3%). Other counties with a high proportion of children include Leake, Coahoma, Issaquena, and Humphreys County. Lafayette County has the smallest percent of the population under 18 years of age (19.1%).

Median Age

Median age is a single index that summarizes the age distribution of a population. It is the age that divides a population into two numerically equal groups; half of the population is younger than the median age and half are older. This provides a good general indication of whether the majority of the population is young or old.

The median age in Mississippi is 35, about two years younger than the national median age of 37. Mirroring the national trend, women in Mississippi tend to outlive men with a median age of 37 vs. 33. However, the distribution between women and men is larger in Mississippi than it is at the national level by about one year. Carroll County has highest median age at 43 and Oktibbeha has the lowest median age at 24.

Percent of Population by Race and Ethnicity

Close to 60% of Mississippi's population is White, with the second largest minority group being Black or African American (37%). This is much higher than the national average of 12%. Other minority groups only make up a small proportion of Mississippi's population, less than 1% each. Mississippi's Hispanic population is also small compared to the national average (2% vs. 15%).

Most counties have the same general racial distribution as the state; however, in 24 counties, African Americans make up the largest share of the population. In Jefferson County, for example, 87% of the population is African American. Scott County has the largest proportion of Hispanic persons in its population, roughly 10%.

Social Data

Percent of Population by Citizenship Status

Only 1.3% of Mississippi's population is not a U.S. citizen compared to 7.1% nationally. Less than 1% of the population is a U.S. citizen by naturalization, meaning there are very few immigrants in Mississippi. Scott County has the largest percent of non-U.S. citizens in its population, 5.9%. Tunica County and Tallahatchie County also have a relatively high percent for Mississippi, 3.5% and 3.2% respectively.

Population Mobility

The mobility of Mississippi's population is about average compared to other states (Mississippi's percentages roughly equal the national average). About 16% of the population moved within the last year, but the majority of those who moved, moved within the same county (9.2%). About 4% moved from a different county, but stayed in Mississippi. Close to 3% moved to Mississippi from a different state and 0.3% moved to Mississippi from abroad. These numbers indicate there is limited mobility within or to the state, which is beneficial from a program eligibility and enrollment perspective.

Lafayette County has the highest rate of mobility, with 30.6% of its population moving within the last year. Oktibbeha County and Tunica County also have high rates of mobility. Benton County has the lowest rate of mobility in Mississippi, with only 5.9% of its population moving within the last year. Noxubee County and Smith County also have low rates of mobility.

Family Status

The majority of households in Mississippi consist of married-couple families (46.5%), which is slightly lower than the national average (49.7%). About 23% of Mississippi's households are single-parent families, compared to 17% at the national level. In terms of non-family households, the majority are single person households rather than non-family households (households where the members are not related by birth, marriage, or adoption).

Greene County has the largest percent of married-couple households (64.6%). George County's proportion of married-couple households is also above 60%. Tunica County has the smallest percent of married-couple households (25.9%). There are nine counties in which the share of single-parent households is greater than the share of married-couple households (Claiborne, Coahoma, Holmes, Jefferson, Leflore, Quitman, Sunflower, Tunica, and Washington County).

Educational Attainment

In terms of educational attainment, the majority of adults in Mississippi have a high school diploma, the equivalent, or less. Only 48% of the population 18 years and over have gone onto college and 24% of the population have received a degree (an Associate's degree or higher). Close to 7% of the population have less than a 9th grade education (compared to 6% nationally) and 14% of the population attended some high school, but did not receive a diploma (10% nationally).

Tallahatchie County has the largest share of adults with less than a 9th grade education (15.1%), while Lafayette County has the smallest share (3.8%). Conversely, Lafayette has one of the highest rates of adults with a graduate or professional degree (Oktibbeha has the highest rate with 13.3%). Madison County's population has the largest share of adults with any degree.

Language Spoken At Home

A very low percent of the population in Mississippi speak English less than "very well" (1.5% vs. 8.6% nationally). This is reflective of the population's racial distribution and citizenship status. Over 96% of Mississippians speak only English at home. These numbers indicate language is not a large barrier when it comes to educating and enrolling individuals in the exchange; however, the fact that such a large share of the population in Mississippi have a high school education or less is concerning and should be accommodated for in education and enrollment strategies. Scott County has the largest share of non-English speakers in its population.

Economic Data

Poverty Rate

The percent of Mississippi's population living in poverty is much higher than the national average (21.4% vs. 13.5%). The distribution of poverty by age, however, mirrors the national trend. The Census Bureau data show 34.1% of children under five years, 28.6% of children five to 17 years, 24.8% of adults 18 to 34 years, 15% of adults 35 to 64 years, and 16.1% of adults over age 65 live in poverty.

Holmes County and Issaquena County have the highest poverty rates in Mississippi (42.7%). This is followed by Leflore County where 41.6% of its population lives in poverty. DeSoto County has the lowest poverty rate in the state (9.4%), followed by Rankin County (9.9%) and George County (12.6%). The poverty statistics in ACS adhere to the standards specified by the Office of Management and Budget. The Census Bureau uses a set of dollar value thresholds that vary by family size and composition to determine who is in poverty.

Median Household and Family Income

Mississippi's median household income is about $37,000 (in 2009 inflation-adjusted dollars). This is significantly below the national average of $51,000. DeSoto County has the highest median household income, about $58,000, which is $7,000 more than the national average. Only three counties in Mississippi have median household incomes above than the national average—DeSoto, Madison, and Rankin. Issaquena County has the lowest median household income in Mississippi ($20,000).

Median family income, while more than median household income, is still below the national average at $46,000 vs. $62,000. Household income is based on the incomes of the householder and any other people living in the same household, regardless of whether they are related. Because many households consist of one person, household income is typically less than family income. Family income is based on the incomes of the householder and any other people living in the same household who are related by birth, marriage, or adoption. Because different methodologies are used to calculate each measure, it is useful to examine both measures.

Percent of Households that Receive Food Stamps or SNAP Benefits

The percent of households that receive food stamps in Mississippi is about six percentage points higher than the national average (14.8% vs. 8.5%). Some of this difference is due to the fact that Mississippi has a much smaller population than the United States, but it also reflects the economic trends outlined above. The county with the largest percent of households that receive food stamps is Humphreys County with 33%. The county with the smallest percent is Lafayette County with 5.3%.

Unemployment Rate

Mississippi's unemployment rate is about two percentage points higher than the national average (9.2% vs. 7.2%). Noxubee County has the highest unemployment rate in the state (22.4%), while Lamar County has the lowest unemployment rate (4.6%).

Comparing the unemployment rate by age across counties shows Noxubee County has the largest share of the population age 45 to 64 that is unemployed (13.3%). Unemployment in this age group is difficult to address because people tend to be more specialized in their skills and therefore require new training to be marketable. However, training is also more difficult for this age group because they are older and have fewer career options. Franklin County has the lowest share of the population age 45 to 64 that is unemployed (1.3%)

Occupied vs. Vacant Housing Units

The condition of the housing market in a particular area is an indication of the area's overall economic viability. The number of vacant homes, for example, can indicate whether the local economy has been strong enough to support its residents. Mississippi has a slightly higher percent of vacant homes than the national average, but only by about two percentage points (13.5% vs. 11.8%). The county with the largest percent of vacant homes is Wilkinson County (31.7%). The county with the smallest percent is DeSoto County (6.4%).

Owned vs. Rented Housing Units

Of the occupied housing units in Mississippi, 70.5% are owner occupied and 29.5% are renter occupied. At the national level, 66.9% of housing units are owned and 33.1% are rented, meaning a greater share of Mississippi's population own homes than the national population. Green County has the largest share of home owners (88.6%) and Tunica County has the lowest share (47.2%). This is not surprising given Tunica County's young and mobile population.

Median Value of Occupied Housing Units

The median home value in Mississippi is lower than the national median home value ($91,400 vs. $185,400), which partly explains why the rate of home ownership in Mississippi is higher than the national rate. Median gross rent in Mississippi is also lower than the national level ($622 vs. $817). Madison County has the highest median home value, $171,400; which is still less than the national value. Quitman County has the lowest median home value in Mississippi, $44,600. DeSoto County has the highest rent ($876 per month) and Franklin County has the lowest rent ($347 per month).

Owner Costs as a Percent of Household Income

Excessive owner costs are considered to be those that exceed 30% of household income. Median selected monthly owner costs as a percent of household income in Mississippi are 23%, which is slightly lower than the national level of 25%. Three counties in Mississippi have "excessive" owner costs, or costs which exceed 30% of household income: Wilkinson County, Issaquena County, and Holmes County. Holmes County has the highest median monthly owner costs (38.4%). Warren County has the lowest median monthly owner costs (20.2%).

Selected monthly owner costs include the sum of payments for mortgages, deeds of trust, or similar debts on the property (including payments for the first mortgage, second or junior mortgages, and home equity loans); real estate taxes; fire, hazard, and flood insurance on the property; utilities (electricity, gas, water, and sewer); and fuels (oil, coal, kerosene, wood, etc.). It also includes, where appropriate, monthly condominium fees.

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APPENDIX E

Mississippi Data Report II

Demographic, Cost, & Growth Projections for the Uninsured & General Mississippi Population

Created for the

Mississippi Insurance Department

05/27/2011

LEAVITT PARTNERS

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Executive Summary

The purpose of this report is to provide the Mississippi Insurance Department (MID) with projections and estimates for the state regarding certain demographic, cost, and growth projections for the uninsured and general population of Mississippi. Some of these analyses are time-series projections that estimate changing characteristics and compositions while other analyses are intended to provide a snap-shot to MID of the current environment in which implementation is likely to take place. This data is designed to enable MID to continue planning and designing an exchange that best serves the changing environment of the state.

County-level data encompasses each of Mississippi's 82 counties. Other data regarding demographics, social variables, and economic information are included in an ancillary report that also encompasses Mississippi's 82 counties along with 16 select cities.

About the Data

Data used in this report comes from Thomson Reuters. Thomson Reuters uses a myriad of public and private database sources to collect, synthesize, and model data. The attached Excel spreadsheet includes all data elements acquired by Leavitt Partners. The attached spreadsheet contains 17 tables and 3 charts. The data are located on different tabs in spreadsheet. The title of each tab with the corresponding table or chart title will be used as reference points below.

Uninsured Population Information

Table 1: Uninsured Population by Industry

This table is labeled under "Industry" in the spreadsheet and contains the current count of the uninsured by industry in the state of Mississippi with a corresponding percentage of the total population. The top industries that employ the uninsured are entertainment (12%), construction (10%), manufacturing (9%), and services (5%). The total uninsured count in the state is 532,993. The table goes on to list the total population composition of the state by industry. The biggest industries in the state are entertainment (6%), education (5%), construction (4%), and professional services (3%). The total count for industry is 2,951,996 bringing the percentage of unemployed accounted for in industry to 18.1%. There is a rather large "Other" category that merits further investigation.

Table 2: Uninsured Population by Age & Gender

This table is labeled under "Age & Gender" in the spreadsheet and contains an age and gender distribution for the uninsured and total Mississippi population. For the uninsured, the largest level is found in the 18-44 category at 62%, representing 327,791 people. In this category, 54% are male and 46% are female. The uninsured are not as prevalent in lower or higher age groups. The uninsured can be compared to the total state population showing that the 18-44 category makes up 37% of the state's population. These numbers infer that the 18-44 age-bracket represent a sizable opportunity for Mississippi.

Table 3: Uninsured Population by FPL Distribution

This table is labeled under "% of FPL" in the spreadsheet and shows a distribution of uninsured and total population by the Federal Poverty Level. The apriorlexpectation of these metrics would be a decreasing rate of incidence in being uninsured as the percentage of FPL level grows. This is interestingly not the case. While the 0-49% level contains 22% of the uninsured population (119,593 lives), the next highest amount of the uninsured is found in the 133%-199% FPL level. The remaining data for Mississippi are fairly evenly distributed, accounting for the 24% of the population that is over 400% FPL.

Table 4: Uninsured Population by Ethnicity

This table is labeled under "Ethnicity" in the spreadsheet and shows the distribution of ethnic groups with respect to the uninsured and total populations of Mississippi. Mississippi has a fairly even split in both

populations with Caucasians making up 49% and African Americans making up 44% of the uninsured market. These make up 59% and 38% of the state's total population respectively. Additionally, Hispanics constitute 5% of the uninsured population while making up 2% of the total in the state.

Table 5: Uninsured Population by Medicaid Eligibility

This table is labeled under "Medicaid Eligibility" in the spreadsheet and shows separation of those who are and are not eligible for Medicaid in both the uninsured and total population. The data shows that 23% of the uninsured population currently is eligible for Medicaid but remains uninsured, while 77% of the uninsured population is not currently eligible. These numbers are representative of the total Medicaid numbers in the state.

Table 6: Uninsured Population by Education

This table is labeled under "Education" in the spreadsheet and shows the distribution of the level of educational attainment by both the uninsured and total population in Mississippi. This is a very illuminating metric as it shows that 91% of the uninsured market has a high school diploma or less. Additionally, only 8% of the uninsured have a B.A. or some college and 1% of the uninsured have a graduate degree. In comparison, 82% of the population of Mississippi has a high school diploma or less.

Table 7: Uninsured Population by Marital Status

This table is labeled under "Marital Status" in the spreadsheet and shows the marital status of the uninsured and total Mississippi populations. These numbers show that 72% of the uninsured population is unmarried while only 58% of the total Mississippi population is unmarried. Conversely, 28% of the uninsured market is married.

Table 8: Uninsured Population by Household Work Status

This table is labeled under "Household Work Status" in the spreadsheet and shows numbers reflecting the work status of households in both the uninsured and broader Mississippi populations. Some of the most interesting elements of this table are as follows:

- Female led households with no husband present, with the woman employed in in the labor forcemake up 16% of the uninsured market
- Households with both a wife and husband in the labor force who are both employed make up 14% of the uninsured market
- Households with the husband in the labor force and the wife not in the labor force with the husband unemployed make up 13% of the uninsured market
- Female led households with no husband present, and the female not in the labor force make up 11% of the uninsured market

What makes these results interesting is that 3 of the 4 selected data points show that someone in the family is in the labor force and employed have a higher incidence of being uninsured. Overall, 27% of Mississippi's population is made up of households where both the husband and wife are in the labor force and employed. There is an implication here that either the employer insurance offer rate is an opportunity for the state or there is a higher degree of part time workers in the state.

Table 9: Uninsured Population by Family Income

This table is labeled under "Family Income" in the spreadsheet and shows the distribution of family income for both the uninsured and aggregate populations. While this can be somewhat contrasted to the distribution of households in percentage to FPL, these income numbers present a more holistic snapshot of the Mississippi landscape as it details a more precise income picture. Of particular note, 17% of the uninsured make less than $15,000, 15% make between $15,000 and $24,999, and 11% make between $25,000 and $34,999. Respectively, the corresponding proportion of the total Mississippi population are 12%, 10%, and 9% respectively. There is an almost symmetric distribution of income in the middle income brackets ($35,000 to $99,999). When paired with the FPL data in the spreadsheet, this can paint a clarifying picture on the financial condition of the uninsured market and can enable the state to make more prudent decisions in engaging the uninsured population.

Table 10: House Income Distribution by County

This table is labeled under "Household Income by County" and is designed to show how income breaks down across the state's different localities. This table provides a population count by county for income in $5k increments (except for the first and last entries). If made to show relative and comparative population with the uninsured and percentage to FPL metrics in tandem, this analysis could enable the state to have a very targeted study that will help decision makes know the areas that Navigators must focus in on.

Table 11: Uninsured Population Trend (1987-2009)

This table and corresponding chart are labeled under "Trended Uninsured". While the data is simple, it has strong implications when examined in the context of state and national policy decisions. The uninsured population for the state stayed fairly steady, ranging from 17% to 20%, from 1987 to 1998. In 1999 the uninsured rate began to plummet, ultimately bottoming out at 13% in 2000. After this, it crept back up to the 15% area and remained somewhat flat until seeing another spike in 2007. Interestingly, today's unemployment trend is lower than that of the 1990s. Policy makers should investigate the circumstances related to the drop in 2000 and overlay this to federal requirements related to PPACA for the benefit of understanding what is driving insurance purchasing decisions of the uninsured. While economic drivers could have been an explanatory variable to the falling uninsured numbers in this time period, it demonstrates that the uninsured are aware of their options but lack the financial resources to take advantage of them.

Health Care Cost Data

Table 12: Commercial Cost Characteristics (2008)

This table is labeled under "Comm Cost" and is designed to capture commercial costs associated with different types of treatment. This information is taken over 2007 and 2008 and examines Medical and Rx Per Capita Costs, Inpatient Hospital, Outpatient Hospital, Outpatient Radiology, Outpatient Laboratory, Emergency Department, Rx, and the general Relative Risk Score. The data is derived from claims data and information from commercial carriers. While limited in scope, the data is intended to be directional in assisting MID to more fully understand the drivers and drainers of commercial cost in the state.

Table 13: Commercial Population Chronic Conditions Profile (2008)

This table is labeled under "Chronic Conditions Profile" and examines patient and cost statistics related to different medical episodes such as Coronary Artery Disease, Osteoarthritis, Hypertension, Diabetes, Breast Cancer, Spinal/Back Disorder, Colon Cancer, Asthma, Depression, Lung Cancer, Skin Cancer, COPD, Overweigh/Obesity, Cervical Cancer, HIV Infection, Congestive Heart Failure, and Cirrhosis of the Liver. The profiling of these chronic conditions is done with respect to Allowed Amount Med and Rx, Patients Episodes, Episodes, Admits Episodes, Allowed Amount/Episode, Episodes/1000, and Admits Episodes/1000. While this data may not be as beneficial in formal exchange planning and implementation, it should assist MID in better understanding chronic condition trends in the state and their associated costs. Additionally, there are care and utilization management tools that could be built into the exchange through carriers to assist those with chronic conditions in managing cost. The state can use this data to better inform such tools whether they are employed inside of or outside of the exchange.

Mississippi County Projections

Table 14: Projected Population by County

This table is labeled under "Total Population" and projects the total population count of the state for each year between 2010 and 2020 by county. The state's population is projected to grow 3.7% over the next decade. However, there will be a significant amount of population shifting within the state. This changing population composition is something that MID will want to pay close attention to.

Population centers that will experience the greatest degree growth are DeSoto County (32%), Lamar County (19%) Madison County (19%), Rankin County (17%) Stone County (16%), and Pearl River County (15%). This data should be used to assist MID in understanding the geographic reordering of the state over the next 10 years and reallocating resources accordingly. Also, due to the rural nature of some areas of the state, a shrewd understanding of changing population characteristics will enable MID to identify the right set of resources that are most advantageous to a select population group.

Table 15: Projected Medicaid Covered Lives by County (2010-2020)

This table is labeled under "Medicaid" and shows the projected number of lives that will be covered for each year between 2010 and 2020 by county. As the exchange bears a Medicaid eligibility requirement, MID will have a special interest in this data as it indicates the areas that will have a higher degree of Medicaid growth, in both base and PPACA driven growth. A second associated table breaks down the raw population data and shows the estimation as a percentage of population. In 2014, it is estimated that 24% of Mississippi's population will be eligible for Medicaid (though the data does not directly account for the dual-eligible Medicare population). This number also represents the population that will be eligible in 2020, showing that after 2014 there is not projected to be an additional surge of Medicaid enrollees beyond the new base.

Table 16: Projected Uninsured Lives by County (2010 – 2020)

This table is labeled under "Uninsured" and shows the projected number of uninsured lives for each year between 2010 and 2020 by county. When compared and contrasted to the thorough demographic information on the uninsured, this data can be very helpful in a directional analysis of what counties have a higher concentration of uninsured. There is expected to be a portion of the population that remains "strategically uninsured", meaning that they will make a conscious decision to not purchase insurance. MID should use this information to focus on the core uninsured that may not be aware of their options regarding the premium subsidy or Medicaid eligibility.

Table 17: Projected Payor Composition (2010 – 2020)

This table is labeled under "Payor Composition" and shows howMississippi's population is covered between 2010 and 2020. The payor types are Medicaid – Capitated, Medicaid – Non Capitated, Medicare – Capitated, Medicare – Dual, Medicare – Non Capitated, Private – Direct, Private – Employer Sponsored, and Private – Exchange. This information will provide MID with an accurate snapshot of the driving elements for payor sources within the state. More specifically, Medicaid and Private - Exchange information should help to inform decisions related to the AHBE, while information on the Private – Employer Sponsored Market should help in informing SHOP exchange related decision making.

Chart 1: Mississippi Historic Unemployment Rate (Trended)

This chart is labeled under "Trended Unemployment Rate" and shows a graphical representation of Mississippi's unemployment over time. The state has followed that national trend line and has recently seen a drawing down of its unemployment. However, other exogenous events such as the Gulf oil spill in 2010 and the weather damage related to storms and flooding in the state will likely continue to delineate Mississippi's unemployment patters from the aggregate.

Chart 2: 10 Year Change in Uninsured & Medicaid by Number of Lives (2010-2020)

This chart is labeled under "10 Yr Change No of Lives" in the spreadsheet and is intended to show a graphical representation of the shift in lives between the uninsured and Medicaid over the next 10 years. As expected, the shift is almost symmetric as a healthy majority of the currently uninsured will naturally go into the Medicaid market.

Chart 3: 10 Year Change in Uninsured & Medicaid by Percentage of Population (2010-2020)

This chart is labeled under "10 Yr Change % of Total" in the spreadsheet and shows a similar graphic representation as that of Chart 2 in the shifting proportion of uninsured and Medicaid insured over the next 10 years. However, instead of portraying number of lives, this chart shows the results as a percentage of population.

APPENDIX F

State of Mississippi Exchange IT Gap Analysis

The following sections describe Mississippi's readiness on critical elements as requested in Appendix C of the grant:

Technical Architecture, Applicable Standards, HIPAA, Accessibility, Security, Federal Information Processing Standards

Technical Architecture

The technical architecture is critical to supporting the necessary business functions and features of the health insurance exchange. Mississippi understands that the technical architecture must be:

- Flexible and utilize a services-based design capable of extending front-end services to stakeholders and back-end services to systems
- Based in open standards such as National Information Exchange Model (NIEM) and WSI, to improve system interoperability and reduce maintenance
- Based on industry best practice design, facilitating the transfer of conceptual design and business rules thereby accelerating adoption by other states
- Secure and adhere to HIPAA guidelines in order to provide a safe, reliable, and private exchange of information

Current Technical Architecture

This section provides a brief overview of the Mississippi *Envision* system architecture. *Envision* utilizes a three-tier application deployment architecture. **See Figure 1.** Starting on the left, the three tiers represented in the diagram are:

- Client work stations
- Sybase Enterprise Application Server middle tier
- Mainframe back end

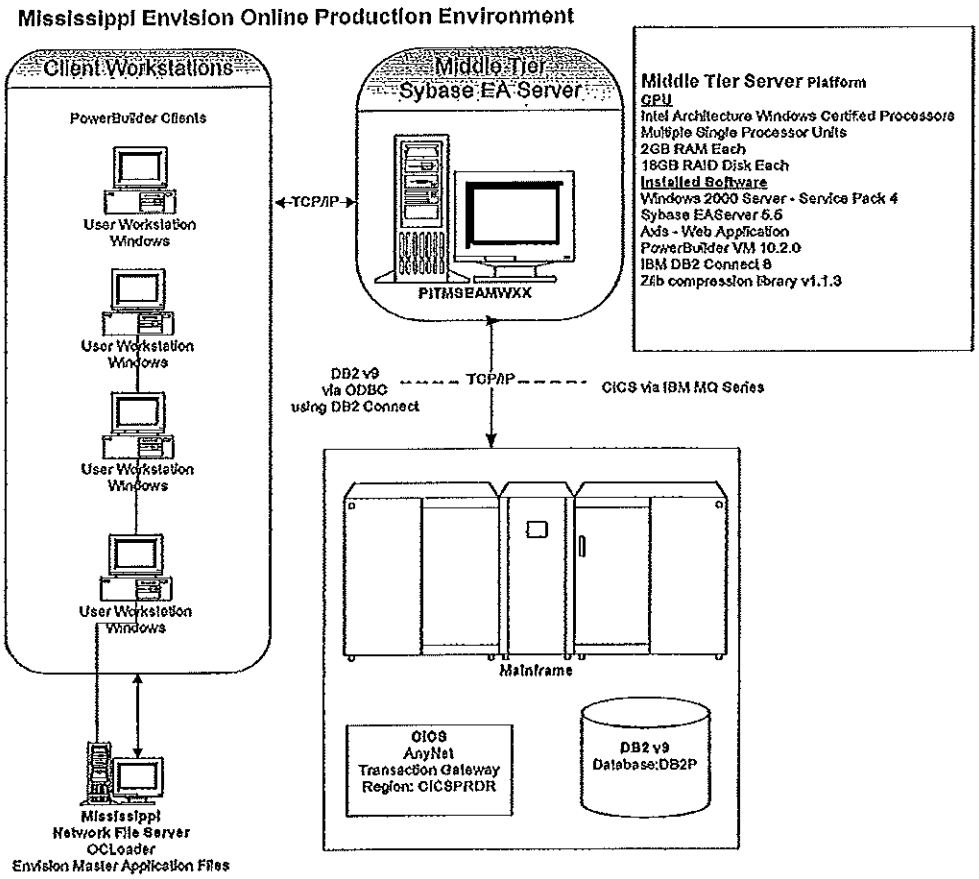


Figure 1

The hardware comprising the *Envision* system middle tier and back end is located in a secure ACS data center located in Pittsburgh, PA. This data center is connected to the ACS Mississippi FAS offices and to the DOM network by an ACS internal wide area network (WAN) comprised of leased frame relay lines.

The Client work stations run Windows with PowerBuilder run-time and the client presentation layer of the *Envision* application. The presentation layer contains front-end edit logic. The client windows presentation layer is built using ACS-developed class libraries that provide a consistent user-interface and navigation. The presentation layer includes windows for all MMIS data entry, maintenance and inquiry functions. Each individual subsystem uses the common class libraries to construct all of the necessary inquiry, maintenance and update business functions for operation of the MMIS. Each individual subsystem which presents an online client interface specifies in its chapter details of the windows provided within that subsystem for access to specific business functions.

The middle tier provides middleware connectivity to the database back-end and to eight CICS transactions which implement database intensive business logic and security control using Sybase Enterprise Application Server as a middleware application engine. This middleware layer provides access to CICS applications and DB2 on the back-end. It also provides clustering, load balancing, two-phase commit and fail over capability. The middle tier provides on-line business logic through the use of PowerBuilder non-visual objects built on the Enterprise Application Framework from Synergy Systems, and through Java components.

The middle tier is accessed by the online client screens for access to the MMIS back end data store and CICS transactions. The middle tier also provides access facilities used by additional client interfaces from MEDS, MEDSX, PDCS and EDI subsystems to enhance the functions provided by the online client interfaces. As in the case of the online client each individual subsystem which presents an additional client interface specifies in its chapter details of the windows or other client facilities provided within that subsystem for access to specific business functions.

The middle tier provides a unified, stable and well defined interface to system functions suitable for future development. By providing standard remote procedure call methods (SOAP, CORBA, IIOP) the *Envision* system will allow controlled access to system functions from other state systems. EA Server provides robust cluster management functions to ensure load sharing and transaction priority management, and future scalability to accommodate expanding user requirements.

The mainframe back-end runs IBM CICS and IBM DB2 relational database management system. The middle tier invokes eight CICS transactions. The CICS transactions support Claims Inquiry Search, Claim Correction, Member Lock-in, Category of Eligibility Update, Member Merge and Prior Authorization Maintenance, User Login and User Password Change functions. CICS connectivity is provided via IBM MQ Series. Connectivity to DB2 is provided to the middle tier through IBM DB2 Connect. In addition to supporting middle tier and workstation transaction and data requests, the back-end is used to run all batch processes and reports as well as the claims engine.

IBM CICS and DB2 provide services to manage transaction dispatching priority and resource sharing. Since all transaction requests are connected to DB2 and CICS through the uniform middleware interface the system is protected from rouge transactions which might disrupt the balance of system processing.

The middleware and mainframe servers are collocated at the ACS Data Center in Pittsburgh, PA to maximize throughput for data intensive operations. Collocation provides the maximum network throughput for traffic between the middleware servers and the mainframe, over which the largest result sets will be exchanged. When consistent with business logic needs, the middleware functions are designed to perform data reduction to minimize the amount of traffic over slower WAN communications lines.

The *Envision* MMIS system utilizes the ACS State Healthcare EDI Clearinghouse to provide HIPAA compliant transaction handling. Each MMIS core subsystem receives processes and returns those HIPAA mandated attributes which are utilized in the MMIS implementation of the DOM policy and edits. The EDI Clearinghouse maintains a complete record of all HIPAA transaction attributes received along with necessary identifiers to correctly associate incoming transaction attributes to MMIS generated transactions to construct outgoing transactions ("Retain and Attach").

Current/Legacy Software

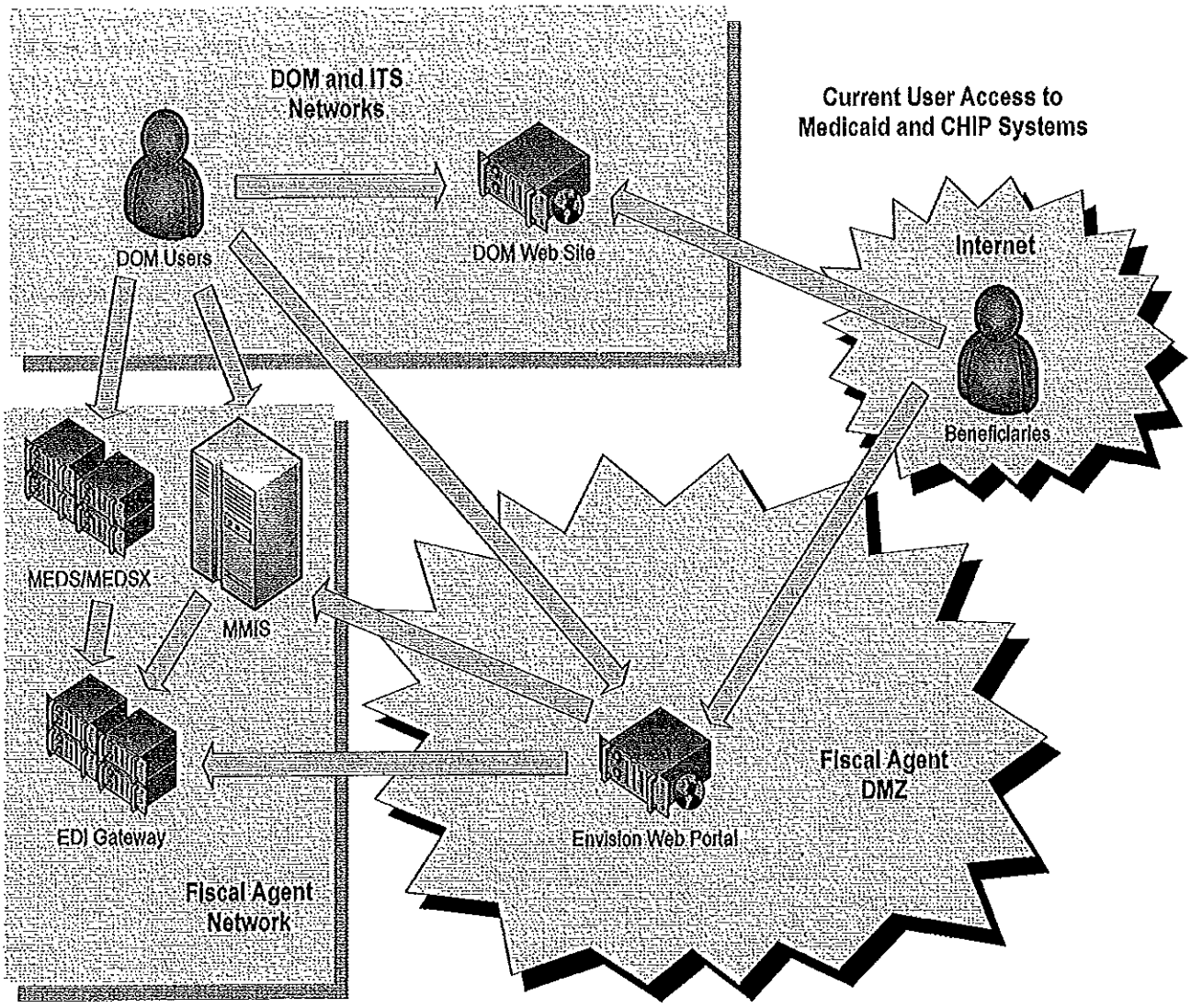
The table below describes Mississippi's current/legacy software.

Component	Description
Envision MMIS	Mississippi's HIPAA compliant and CMS certified Medicaid Management Information System.
Medicaid Web Site	Includes forms and instructions for obtaining Medicaid and CHIP eligibility.
Envision Web Portal	Web site that allows beneficiaries to review their claims, check their eligibility, and locate providers.
EDI Gateway	Processes HIPAA transactions (i.e. 837, 834, 835, 270/271, etc) either incoming or outgoing for providers or other payers.
MEDS/MEDSX	Determines eligibility for Medicaid and CHIP.

Current / Legacy hardware

The table below describes Mississippi's current/legacy hardware.

Component	Description
Envision MMIS	IBM Mainframe with z/OS – PowerBuilder, DB2, and COBOL
Medicaid Web Site	IIS with ASP
Envision Web Portal	Sun Solaris Sparc Servers with WebSphere, IBM HTTP Server, and Oracle
EDI Gateway	IBM AIX Wintel Servers with Mercator
MEDS/MEDSX	Sun Solaris Sparc Servers with WebSphere, Oracle, LDAP, Actuate, and Tivoli


DOM and ITS Networks
Current User Access to Medicaid and CHIP Systems
DOM Users
DOM Web Site
Internet
Beneficiaries
MEDS/MEDSX
MMIS
EDI Gateway
Fiscal Agent Network
Envision Web Portal
Fiscal Agent DMZ

Target System Software

The table below describes Mississippi's target software for the health insurance exchange

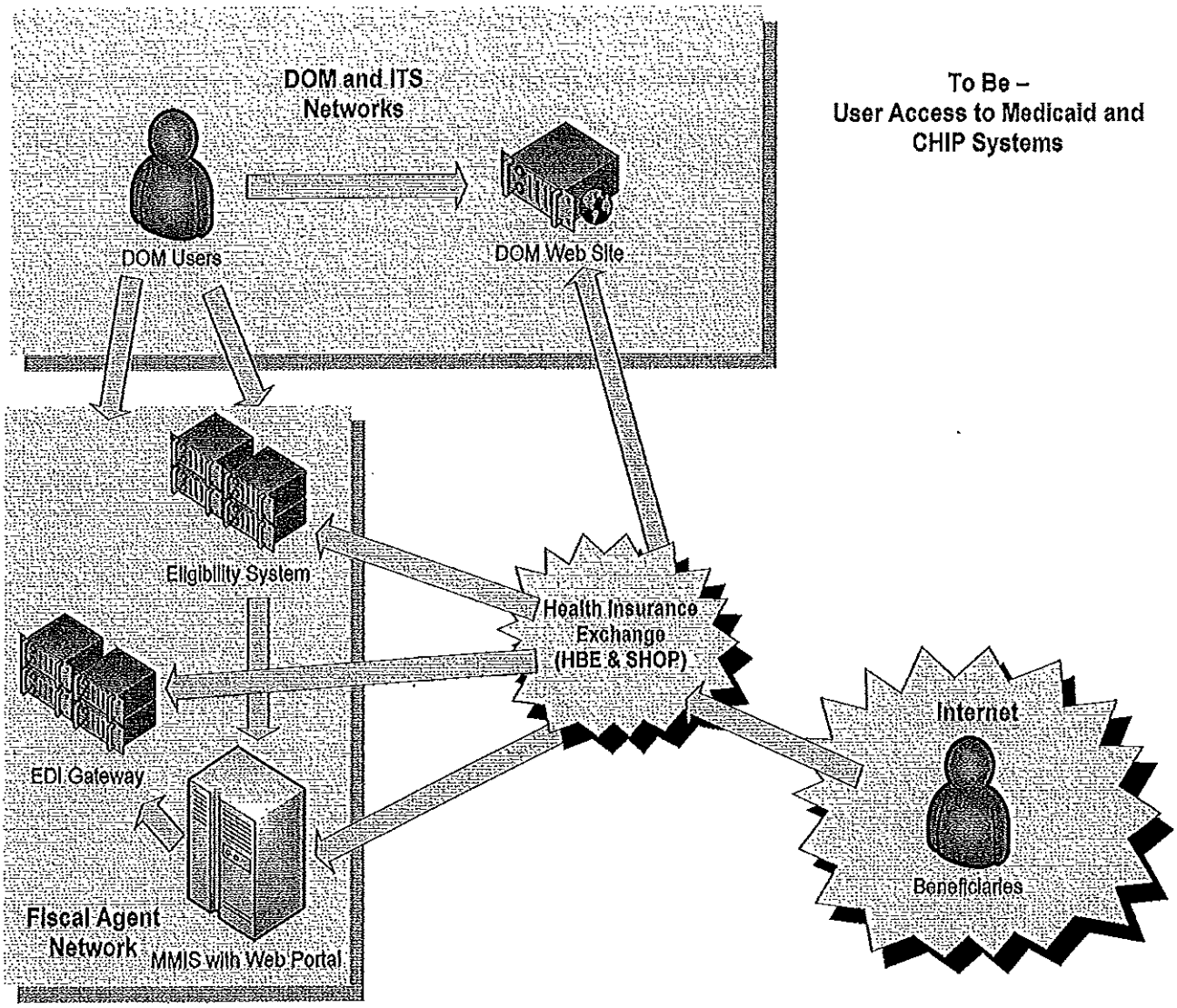
Component	Description
Envision MMIS	IBM Mainframe with z/OS – PowerBuilder, DB2, and COBOL
Medicaid Web Site	IIS with ASP
Envision Web Portal	Sun Solaris Sparc Servers with WebSphere, IBM HTTP Server, and Oracle
EDI Gateway	IBM AIX Wintel Servers with Mercator
MEDS/MEDSX	Sun Solaris Sparc Servers with WebSphere, Oracle, LDAP, Actuate, and Tivoli
• Plan Comparison • Health plan and consumer administration	Mississippi will utilize existing industry leading vendors to customize their COTS products or SAAS products to facilitate the plan comparison and consumer administration functionality.
Health Plan Ranking	Mississippi will utilize existing industry leading vendors to customize their COTS products or SAAS products to facilitate the health plan ranking functionality to meet the needs of the states exchange.
Online Calculator	Mississippi will utilize existing industry leading vendors to customize their COTS products or SAAS products to facilitate the online calculator functionality to meet the needs of the states exchange.
Financial Transactions	Mississippi will utilize existing industry leading vendors to customize their COTS products or SAAS products to facilitate the financial transactions to meet the needs of the states exchange.
Risk Adjustment	Mississippi will utilize existing industry leading vendors to customize their COTS products or SAAS products to facilitate the risk adjustment functionality to meet the needs of the states exchange.
Mobile Access	Mississippi will utilize existing mobile application developers to build and customize software to facilitate mobile access to the exchange.

Target System Hardware

The table below describes Mississippi's target hardware for the health insurance exchange

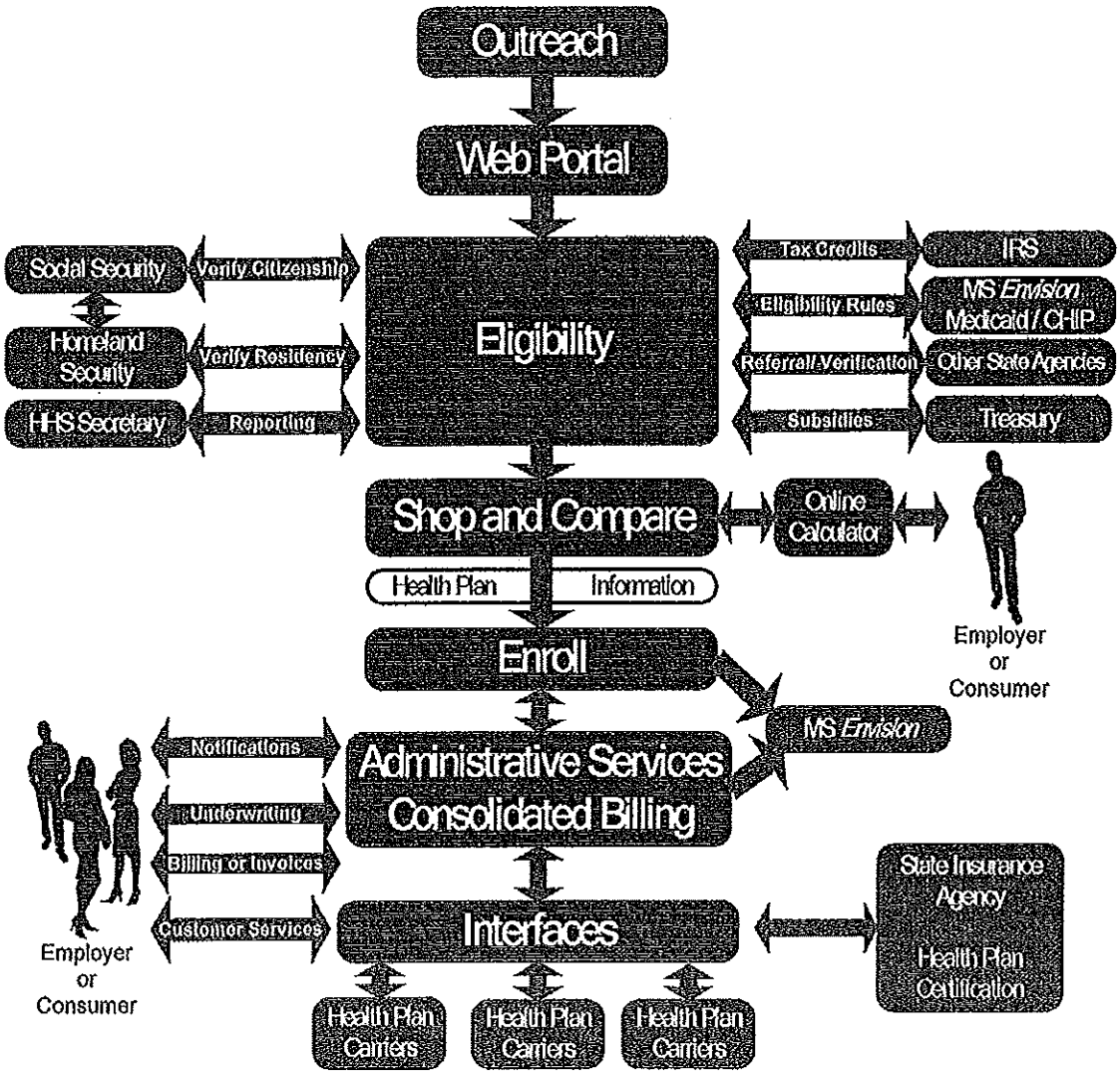
Component	Description
MMIS	An Open Systems platform written in a modern programming language.
Medicaid Web Site	A Wintel platform.
EDI Gateway	An Open Systems platform with a translator.
Eligibility System	An Open Systems platform written in a modern programming language.
• Plan Comparison • Health plan and consumer administration • Health Plan Ranking • Online Calculator • Financial Transactions • Risk Adjustment	Mississippi will utilize existing vendor technologies and hardware platforms that comply with the states minimum requirements and standards.

To Be –
User Access to Medicaid and CHIP Systems



Exchange IT mapping

Mississippi recognizes that getting from our current "as is" IT environment to our proposed "to be" Exchange environment will be a comprehensive process. Mississippi has mapped out the foundation "to be" environment below.



Technical Architecture Gap Summary

Mississippi will resolve the gaps in the current architecture through the acquisition of existing technologies and products and will continue to enhance its existing technologies and services.

These gaps can be organized and listed as follows:

Gap	Description
Consumer Web Portal	The face of the Mississippi exchange (web portal) will need to be developed to provide consumers with an entry / starting point that is intuitive easy to navigate.
Integration of Individual Eligibility Determination	Mississippi will rely on its current MMIS systems to facilitate individual Medicaid eligibility determination. However, Mississippi will need to develop the technology to facilitate the integration between the exchange and the current MMIS systems and include CHIP and employer eligibility factors into the Exchange as well.
Health Plan Comparison	Health plan comparison based on consumer selected preferences is a new process that will need to be built into the Mississippi exchange. Health plan comparison should allow the consumer to "model" different health plan coverage and costs based on their medical reality (average office visits, type of medication, chronic conditions, etc.) Mississippi plans to incorporate intuitive consumer assistance tools and technologies in the exchange.
Health Plan Ranking	Health plan ranking based on plan benefit design is a new process that will need to be developed into the Mississippi exchange. Additionally, based on yet to be determined HHS standards, quality rankings for each health plan will need to be tracked by the Mississippi Exchange.
Health Plan administration	Carriers currently submit health plans to the Mississippi department of insurance using the System for Electronic Rates and Form Filing (SERFF). Mississippi will need to develop the necessary interface to upload "qualified" and approved health plans to the exchange.
Customer Information administration	Mississippi will need to develop the necessary technology and interface to allow consumers to administer and perform updates (life events, contact info, etc.). This includes employer/employee administration tools which facilitate accurate consolidated billing through the Exchange
Communication and Customer Support	Mississippi currently provides traditional methods of communication and customer support (phone, mail, fax, email). These systems and operational processes will need to be expanded to deliver modern methods of service and communication (Live chat support, messages, text, call me, and other channels). These communication channels may also include educational material through the Exchange web portal itself. Mississippi will implement a new customer service model that supports all users (i.e. employees, employers, brokers, community partners, health plans, etc.) Along with the new customer service model, Mississippi will need to establish an outreach infrastructure that encourages the uninsured, broker, navigator, and the small employer communities to use the Exchange to access health care coverage.

Cost Reduction Determination	Cost reduction determination is a new process and will require the development of technologies and processes that enable the Mississippi Exchange to determine the cost reduction amounts and communicate that information to the Treasury and other Federal and state agencies.
Citizenship and Residency Verification	Currently Mississippi uses SDX to verify citizenship and will continue to do so within the Exchange. Residency verification is a new process and that technology will need to be built into the Mississippi Exchange. There are new federal verification interfaces which Mississippi will need to account for in the Exchange design (IRS, Homeland Security, etc.).
HHS Reporting	Mississippi will need to develop the necessary technology to facilitate the new federal, state, public, operational, and analytical reporting functions and requirements of the exchange.
Financial Transactions	The technology to facilitate the payment of premiums and disbursement of subsidies and credits within the Mississippi exchange will need to be developed. Additionally, the aggregation of payments from multiple sources, consolidated billing for employers for multiple employees, and the procedures and processes for payment remediation (late payment, adjusted payments, collections) must be developed.
Mobile Access	Mobile access to the Mississippi exchange will be facilitated by developing mobile applications that are compatible with the most popular mobile devices. This may include Exchange participant alerts, bill notification and bill payment through the mobile device. As with paper-based communications, HIPAA requirements must be considered when setting up these applications.
Online Calculator	Mississippi will have to develop the technologies necessary to facilitate an online calculator that presents actual costs to the consumer in a clear and intuitive format.
Risk Adjustment	Risk adjustment is a new process and Mississippi will need to integrate existing risk adjustment technologies and processes into the exchange. This includes the administrative support for the commercial underwriting processes needed with small employer groups.

Application Standards

1561 Recommendations – The 1561 recommendations and NIEM standards are new to Mississippi. However, Mississippi is committed to implementing the 1561 recommendations for human services eligibility and enrollment processes to:

- Create a transparent, understandable and user-friendly online process that enables consumers to make informed decisions about applying for and managing benefits
- Provide a range of user capabilities, languages and access considerations

- Offer seamless integration between private and public insurance options
- Enable a consistent and transparent exchange of data elements between multiple data users (e.g. NIEM standards)
- Maintain strong privacy and security protections

Mississippi will incorporate the entire core Section 1561 recommendations.

In addition, Mississippi will work to incorporate NIEM standards as the state develops the business processes and scope of works for the exchange.

HIPAA - Maintaining application security is important to protect the sensitive information that is collected, processed, and stored in the health insurance exchange. The Mississippi Exchange will comply with all Federal standards of the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

DOM and its Fiscal Agent are required to comply and address all aspects of the HIPAA Regulation. DOM requires all of its partners to sign a Business Associate Agreement (BAA) that directly interface with the MMIS system. DOM is building this BAA into all of its contracts to all vendors regardless of their function within our agency.

The exchange will create a clear, easy-to-understand privacy notice as part of both the paper application and electronic process that consumers using the exchange will need to acknowledge and sign off on.

While new systems are developed and existing systems are enhanced, Mississippi will continue to work to ensure that its systems are HIPAA compliant.

Accessibility

It is a federal mandate that public-facing web sites must minimize technical and usability barriers for individuals with disabilities. Mississippi plans to ensure the exchange complies with all federal and state accessibility regulations and will test the exchange to ensure the highest level of accessibility.

The Exchange will also be in compliance with Title II of the Americans with Disabilities Act. The Exchange will adhere to all standards for waiving unnecessary eligibility standards for individuals and will modify policies and procedures on an as-needed basis to ensure access to programs. In administering benefit services to students, the Exchange will comply with section 504 of the Rehabilitation Act, developed by the Office of Civil Rights and the U.S. Department of Education, which allows all students to participate in any program receiving federal financial assistance, regardless of disability.

Security

Mississippi understands that security is extremely important when dealing with confidential information related to health care programs. The State employs multiple layers of security in its systems for maintaining compliance and protecting data like personal health information (PHI) and personal identifying information (PII). Mississippi understands the federal Fair Information Practices (FIP) guidelines for collecting data, maintaining data integrity and quality, and providing transparency regarding data access and use.

DOM has reviewed the FIP guidelines and believes the standards are in direct relation to HIPAA compliance. DOM already issues notices to all beneficiaries regarding our Privacy Practices which address Notice/Awareness,

Choice/Consent, Access/Participation, Integrity/Security, Enforcement/Redress, and Dependent Children which all are identified in the FTC Fair Information Practice documentation.

Mississippi will ensure that security measures in place will comply with all federal standards. During the development of the Exchange, security protocols will be implemented and extensively tested at each phase.

Federal Information Processing Standards (FIPS)

Mississippi is Department of Human Services is complying with the Federal Information Processing Standards. Mississippi will thoroughly evaluate the FIPS standards as it applies to the states exchange and make a decision as to how the exchange may comply with these standards. Mississippi will provide HHS with a formal response and decision regarding the FIPS evaluation.

APPENDIX G

Mississippi Exchange Gap Analysis Webinar

March 9, 2011

LEAVITT PARTNERS

Leavitt Partners

Mississippi Gap Analysis Draft Agenda

March 9, 2011

Agenda Item	Time
LP and MID staff introductions	9:00 – 9:15
Review Gap Analysis Grant Guidance	9:15 – 9:45
Discuss Response Objectives	9:45 – 10:15
Review and discussion of Exchange Components • Core • PPACA Mandated • Ancillary	10:15 – 11:15
Discussion of "as is" environment with proposed "to be" solution options	11:15 – 12:15
Lunch	12:15 – 1:15
Review Draft Gap Analysis Response Outline	1:15 – 1:30
Questions, Discussion and next steps	1:30 – 2:00

AGENDA

- Introductions
- Review Gap Analysis Grant Guidance
- Discuss Response Objectives
- Review and discussion of Exchange Components
- Discussion of "as is" environment with proposed "to be" solution options
- Lunch
- Review Draft Gap Analysis Response Outline
- Questions, Discussion and next steps

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AGENDA GOAL

- An understanding of Gap Analysis Requirements
- An understanding of Exchange components and functions
- Understanding Next Steps
- Set times lines for deliverables

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Gap Analysis Grant Guidance

- **Technical Architecture**
  - Current/Legacy Software
  - Current / Legacy hardware
  - Target System Software
  - Target System Hardware
- **Exchange IT mapping**
- **Applicable Standards**
  - 1561 and NIEM
  - HIPAA
  - Accessibility
  - Security
  - FIPS

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Response Objective

To provide HHS with a general overview of Mississippi's current "as is" environment with the proposed "to be" solution that demonstrates proposed solution(s) that meets the Exchange IT requirements.

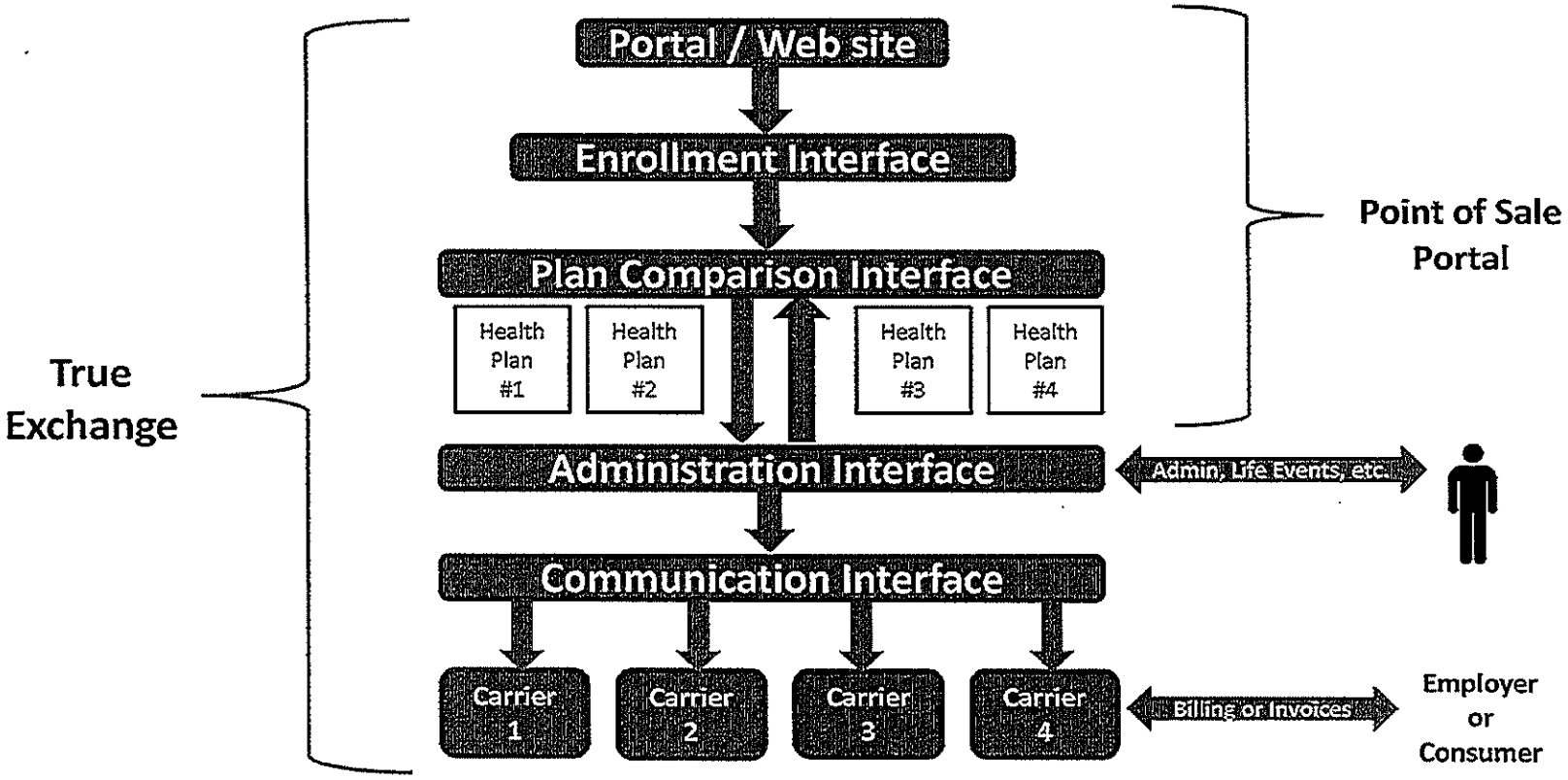
Exchange Capabilities and Services Fall Into Three Categories

- Core Functions—essential to select and enroll in a plan
- Mandated Functions—required to satisfy PPACA
- Ancillary Functions—non-core capabilities

Core Functions

- Exchange website—provides plan information to current and prospective enrollees comparison
- Plan comparison
  - Standardized format—benefit options presented in a common way
  - Comparison—tool enables plan evaluations by price, benefit, etc.

Core Exchange Functions



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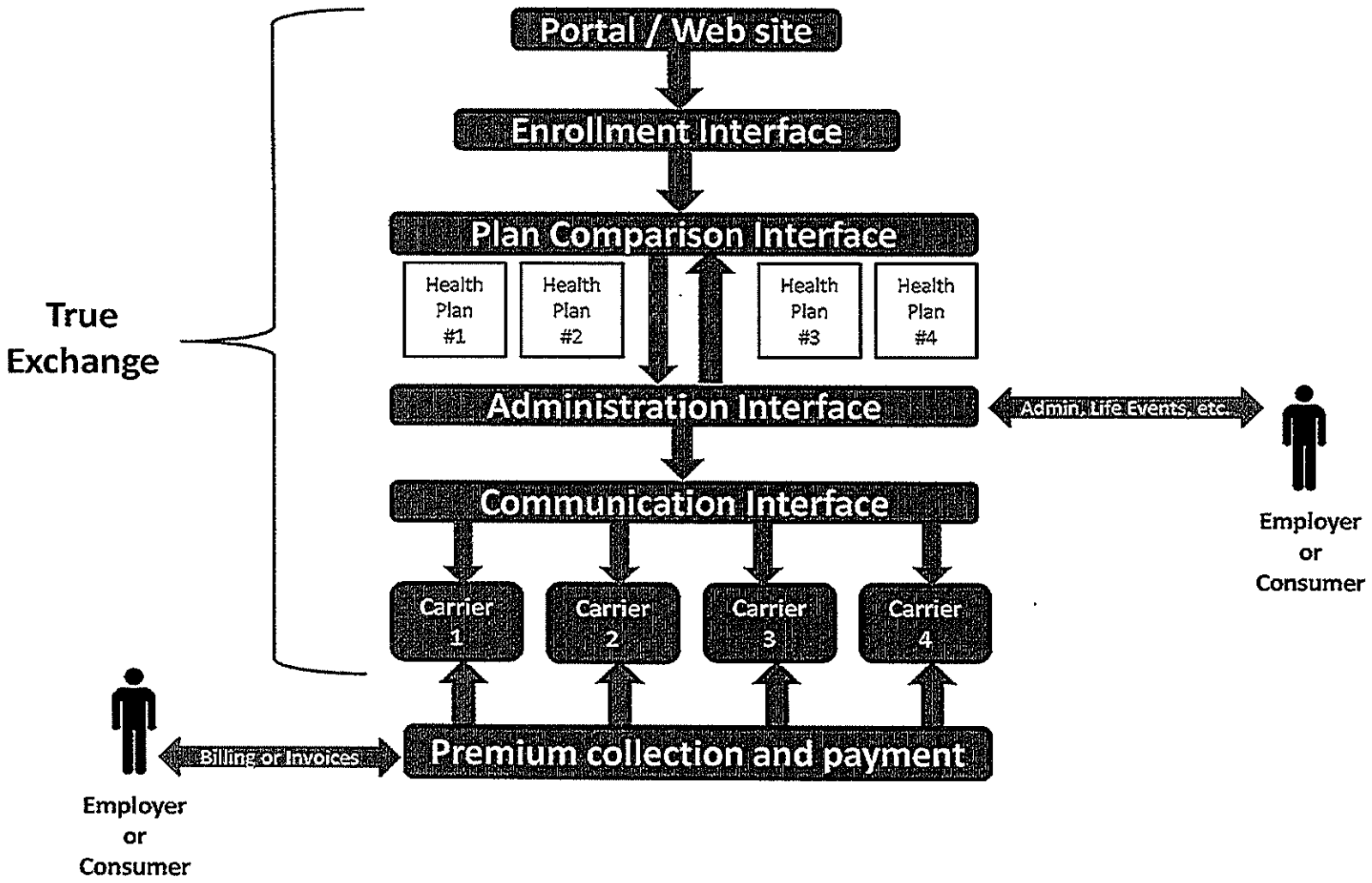
The Utah Model



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Mandated Exchange Functions

Front End Functions

- **Website** for commercial **health plan enrollment** and **Medicaid and CHIP enrollment**
- Information on **Medicaid and CHIP eligibility**
- Health **plan comparison** in a standardized and uniform format
- **Calculator** to determine actual cost of coverage after application of tax credits and cost sharing
- Enrollee **satisfaction survey results**
- Provide a **toll-free hotline**

Back End Functions

- **Certification, Recertification and Decertification** of Health Plans
- **Assign a rating** to each qualified health plan
- **Medicaid and CHIP** eligibility
- **Certification of individuals** exempt from the individual responsibility requirement
- **Tax Credit** Eligibility
- **Premium Assistance** Eligibility
- **Navigator** program that provides grants to entities assisting consumers
- **Risk Adjustment**
- Consultation with stakeholders, including tribes, and Publication of data on the exchange's administrative costs

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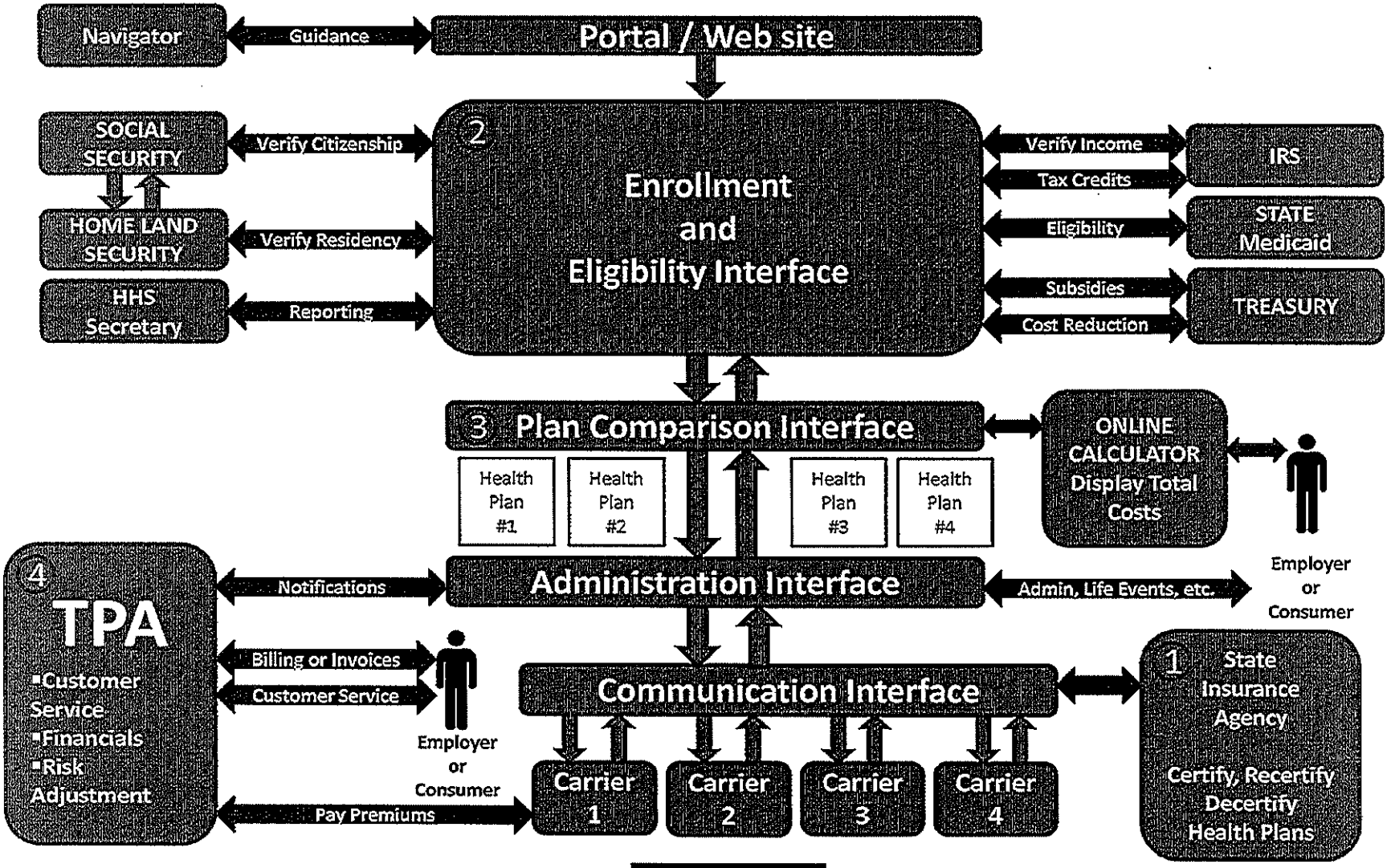
Mandated Exchange Functions



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Mandated Functions

HHS has not released regulations and standards in the following areas:

- HHS Reporting Requirements
- Income Verification and Reporting Requirements
- Tax Credit and Premium Assistance Credit payment methods
- Tax Credit and Premium Assistance Credit reporting methods
- Risk Adjustment
- State authority / flexibility for eligibility determination for:
  - Tax Credits
  - Premium Assistance Credits
  - Risk Adjustment

The Exchange could utilize existing state technologies and resources to save time and money to facilitate the above required functions.

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Ancillary Functions

- Defined contribution
- Premium collection and payment
- Premium aggregation from multiple sources
- Health and wellness assessments and programs
- PBM

"as is" vs. "to be"

Discussion of "as is" environment with proposed "to be" solution options

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Review
Draft Gap Analysis Response Outline

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Questions & Answers

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