

## **Project Abstract**

**Title:** Cooperative Agreement to Support Establishment of Health Insurance Exchanges, Pennsylvania Level I Exchange Establishment Application

**Applicant:** Pennsylvania Insurance Department (PID)

**Program:** United States Department of Health and Human Services Center for Consumer Information and Insurance Oversight; FOA: IE-HBE-11-004; CFDA: 93.525

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**Congressional Districts Served:** PA-01 – PA-19 (All); State of Pennsylvania

**Category of Funding:** Level I

**Projected Dates for Completion:** February 28, 2013

It is the responsibility of PID to ensure that Commonwealth statutes and regulations are correctly applied to the insurance industry in order to protect insurance consumers, including through ensuring the financial health and stability of insurers conducting business in the state. The Department was established in April 1873 and reorganized in May 1921.

With the funds awarded through the Exchange Planning Grant, PID performed extensive background research on health insurance exchanges. A demand analysis conducted estimates that 2.0 to 2.2 million of Pennsylvania's 12.7 million residents could potentially secure private health insurance through a new marketplace, "an exchange," beginning in 2014 (this excludes individuals eligible for Medical Assistance or CHIP). Although it is difficult to validate this specific range of participation because the demand for purchasing coverage in this new marketplace is not known, these estimates provide a reasonable foundation for the initial volume of consumers who may purchase insurance via this new distribution channel. However, all Pennsylvania residents, as potential health insurance consumers, will benefit from the activities to be conducted under this Cooperative Agreement.

Pennsylvania's goal for the next phase of this development process is to continue research-supported planning to assure that the state designs and facilitates the development of a new marketplace that meets the needs of its residents and the objectives of the state. The Project Narrative outlines Pennsylvania's proposal for developing and establishing this marketplace; however, newly released and revised regulations, court decisions, and/or legislative actions may dictate revised approaches.

Pennsylvania plans to use Level I Cooperative Agreement funds to support the development of each core area. Major proposed projects include: 1) conducting extensive insurance market analyses; 2) establishing advisory groups; 3) determining the regulatory framework and contractual relationships needed to facilitate the development of a marketplace; 4) making decisions regarding governance; 5) developing and implementing a comprehensive plan to efficiently and effectively interface necessary government-operated programs; 6) developing a technical roadmap for the development of infrastructure or technology modifications, and where appropriate initiating these modifications; 7) determining necessary resources to perform financial accounting and reporting, and where appropriate, implementing financial and business operations; 8) developing and implementing a program integrity plan; 9) mitigating possible adverse selection; 10) determining target areas for focused consumer assistance; 11) performing an evaluation of needed business operations/functions.

This funding will allow PID to complete planning for a new marketplace and make decisions regarding development and design. Funds are also requested to begin the technical build of any infrastructure modifications required for the marketplace's technical systems, financial management, and business operations as well as prepare for consumer outreach and education.