



**Report to the
Colorado General Assembly**

**Health Benefit Exchange
Implementation Review
Committee**

Prepared by

*The Colorado Legislative Council
Research Publication No. 621
December 2012*

Legislative Health Benefit Exchange Implementation Review Committee

Members of the Committee

Representative Bob Gardner, Chair
Senator Betty Boyd, Vice-Chair

Representative Jim Kerr
Representative Beth McCann
Representative Ken Summers
Representative Max Tyler

Senator Irene Aguilar
Senator Kevin Lundberg
Senator Jeanne Nicholson
Senator Ellen Roberts

Legislative Council Staff

Bill Zepernick, Fiscal Analyst
Amanda King, Senior Researcher
Dave DeNovellis, Researcher

Office of Legislative Legal Services

Kristen Forrestal, Senior Staff Attorney

December 2012

Table of Contents

	Page
Committee Charge	1
Committee Activities	3
Implementation Progress of the Colorado Health Benefit Exchange.....	3
Summary of the Level One Establishment Proposal.....	5
Resource Materials	9

This report is also available on line at:

<http://www.Colorado.gov/LCS/ExchangeReviewComm>

Committee Charge

In March 2010, federal health care legislation, also known as the Patient Protection and Affordable Care Act (PPACA), was adopted by the U.S. Congress and signed by the President. PPACA is intended to expand health care coverage by increasing access to private health insurance and public health programs through state-based health insurance exchanges. Health insurance exchanges are regulated marketplaces in which individuals and small businesses can shop for health insurance. Under PPACA, state health insurance exchanges must be operational by January 1, 2014, or, if a state has not taken action to establish an exchange by January 1, 2013, the federal government will set up the exchange. In 2011, Colorado passed Senate Bill 11-200, which creates a process for the implementation of the Colorado Health Benefit Exchange (exchange) by establishing the exchange's governance structure. The bill establishes the exchange as a nonprofit public entity with a board of directors responsible for its operation.

Senate Bill 11-200 also established the Legislative Health Benefit Exchange Implementation Review Committee (committee) to guide the implementation of the exchange. State law authorizes the committee to:

- meet up to five times per calendar year;
- approve the appointment of the executive director of the exchange by the Colorado Health Benefit Exchange board of directors (board);
- review and approve the board's initial financial and operational plans;
- review and approve any grants for which the board wishes to apply; and
- recommend up to five bills for consideration by the General Assembly each year.

Committee Activities

The committee held one meeting during the 2012 interim on July 31, 2012. At the meeting, the committee listened to a presentation from the Colorado Health Benefit Exchange (COHBE) board of directors and the executive director of the COHBE. Topics discussed included:

- an update on the implementation progress of the COHBE; and
- an overview of the COHBE board of directors' application for a federal planning and establishment grant.

The committee did not discuss or recommend any legislation for consideration by the General Assembly during the 2013 legislative session. The following sections discuss the committee's activities during the 2012 legislative interim.

Implementation Progress of the Colorado Health Benefit Exchange

At the meeting on July 31, 2012, Patty Fontneau, executive director of the COHBE, Gretchen Hammer, chair of the COHBE board of directors, and COHBE board member Rob Ruiz-Moss provided an update on COHBE activities to the committee. Ms. Hammer described the working groups and leadership of the board, and emphasized that the board had actively facilitated and relied on community involvement. Ms. Fontneau presented the committee with an overview

of the exchange's planning objectives and activities, with an added focus on the exchange's information technology designs and implementation progress.

Summary of the Level One Establishment Grant Proposal

Senate Bill 11-200 requires the COHBE board of directors to apply for planning and establishment grants made available to the exchange pursuant to the PPACA and gives it the authority to apply for, receive, and expend other gifts, grants, and donations. Each grant application is subject to the review by the committee and must be approved, either: (1) by a majority vote of the committee; or (2) by unanimous approval of the application by the board chair and the chair and vice-chair of the committee prior to the submission of the application.

In February 2012, the U.S. Department of Health and Human Services (HHS) awarded a \$17.9 million grant to COHBE to support planning activities, including the initial acquisition of technology services to begin building the online shopping portal. The COHBE executive director and board members presented a second Level One Establishment Grant proposal to the committee at the July 31, 2012, meeting and explained the objectives for the grant. The second grant, totaling \$43 million, would support technology development, staff and operations between October 2012 and July 2013. Ms. Fontneau stated that, in total, the COHBE expects to receive about \$100 million in federal funding through three total grants. Mr. Ruiz-Moss noted that if the committee did not approve the grant proposals, funds for COHBE would expire in November, and the state exchange would not be implemented.

The committee chair and vice-chair approved the grant proposal and informed the COHBE of the committee's decision on August 9, 2012. The HHS approved the second grant on September 27, 2012. COHBE expects to request additional federal grant support to fund activities after July 2013 through the initial year of operation in 2014. COHBE is required under PPACA to be self-sustaining by 2015.



Resource Materials

Meeting summaries are prepared for each meeting of the committee and contain all handouts provided to the committee. The summaries of meetings and attachments are available at the Division of Archives, 1313 Sherman Street, Denver (303-866-4900). The listing below contains the dates of committee meetings and the topics discussed at those meetings. Meeting summaries are also available on our website at:

<http://www.Colorado.gov/LCS/ExchangeReviewComm>

Meeting Date and Topics Discussed

July 31, 2012

- Presentation from the COHBE board of directors regarding the implementation progress of the Colorado Health Benefit Exchange; and
- Committee discussion on the Colorado Health Benefit Exchange board of directors' application for a federal planning and establishment grant.

