

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Consumer Information and Insurance Oversight
200 Independence Avenue SW
Washington, DC 20201



March 25, 2016

The Honorable Vickie Yates Brown Glisson
Secretary of the Cabinet for Health and Family Services
Commonwealth of Kentucky
275 East Main Street
Frankfort, KY 40621

Dear Secretary Glisson:

I want to acknowledge receipt of Governor Bevin's communication to Secretary Burwell of the Commonwealth of Kentucky's decision to transition from a State-Based Marketplace (SBM) to a State-Based Marketplace using the Federal Platform (SBM-FP). Once that transition is complete, Kentucky will leverage HealthCare.gov for eligibility and enrollment functionality for its SBM-FP's individual market and Small Business Health Options Program (SHOP) while maintaining responsibility for other critical Marketplace functions. We look forward to continuing to work closely with you and your team to ensure that this transition to the federal platform is efficient and meets the needs of Kentucky's consumers.

As you are aware, there is a tight and challenging timeline for the transition to the federal platform to occur for Plan Year (PY) 2017. As such, this letter outlines a few key requirements to help to facilitate Kentucky's transition.

First, I support your decision, as provided in the draft work plan submitted on March 15, 2016, to establish June 1, 2016 as the deadline to determine whether sufficient progress has been made to proceed with leveraging the federal platform for PY 2017. As discussed with your team, until this decision date is reached, the Centers for Medicare & Medicaid Services (CMS) expects Kentucky to concurrently implement a contingency plan that ensures that there is an operational Marketplace in Kentucky for PY 2017 with resources to re-enroll current consumers and enroll new consumers into coverage without disruption.

Second, we need to set specific times outside of the regular meetings for leadership to assess Kentucky's progress on transition milestones and to discuss any appropriate mitigations. These touch points will enable our teams to develop a shared understanding of progress made and how

best to coordinate communications to consumers, issuers, and other stakeholders. A proposed timeline and agenda for these meetings is included as an addendum to this letter.

Third, Section 1311 of the Affordable Care Act requires all SBMs to be self-sustaining after January 1, 2015. While states may request the use of approved Section 1311 federal grant funding for a discrete set of Marketplace establishment activities, states must demonstrate that there is a separate revenue source to support ongoing operational activities in order to remain in compliance with applicable regulatory and statutory requirements. This separate revenue source must also fund information technology system costs that are associated with a transition to the federal platform for eligibility and enrollment functions. To address this requirement, CMS is requesting two items: 1) a revised 1311 grant budget that specifies what allowable activities you are requesting to fund from your remaining 1311 grant; and 2) a 5-year budget to document both expenses and revenues to demonstrate sustainability after January 1, 2015. CMS has provided your team with templates for these deliverables.

Finally, my colleagues with the Center for Medicaid and CHIP Services (CMCS) are anticipating your submission of the Medicaid Advanced Planning Document (APD) by April 1, 2016. As the team has discussed, upon submission, CMCS will review the APD and provide a determination of allowable costs for enhanced Medicaid funding. Since Kentucky is transitioning from a fully integrated eligibility and enrollment system for Medicaid/CHIP and the Marketplace, it is also important that our leadership meetings include an opportunity to assess Kentucky's progress in implementing business processes and outreach activities. It is important to ensure that consumers can, and know how to, access the coverage for which they are eligible.

As noted, the attached chart provides a proposed timeline for the leadership-level assessment meetings, as well as for the state's submission of key deliverables. We look forward to continuing to work with you and your team to ensure that consumers of Kentucky have access to quality, affordable coverage through a fully functional Marketplace for 2017 and beyond. Please let me know of any questions.

Sincerely,



Kevin J. Counihan

Chief Executive Officer, Health Insurance Marketplaces
Director, Center for Consumer Information & Insurance Oversight