State Exchange Budget Management: Key Considerations

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS for MEDICARE & MEDICAID SERVICES
Center for Consumer Information and Insurance Oversight

Health Insurance Exchange System-Wide Meeting
May 21-23, 2012
The Affordable Care Act (ACA) requires that by January 1, 2015, Exchanges have sufficient funding to support their operations.

While some previously awarded 1311 monies may be obligated after this date for final establishment activities, the on-going ‘run rate’ of Exchange operations must be absorbed by the Exchanges themselves.

A clearly defined long-term operational and budget management plan is vital to the success of any Exchange.
Key Exchange Budget Cost Drivers
(relative impact of major cost drivers on total budget)

Relative Budget Impact:
- High
- Medium
- Low

Note: Components’ relative budget impacts are based on a review of present State budgets. The categories included are major cost drivers only and may not represent 100% of a State's Exchange budget. The chart illustrates potential costs only.
Medicaid and CHIP in a Federally-facilitated Exchange

State Medicaid and Children’s Health Insurance Program (CHIP) programs will:

- NOT contribute to the costs associated with a Federally-facilitated Exchange
- Contribute costs for establishing, testing and maintaining information transfer interfaces between the Medicaid and CHIP programs and the Federally-facilitated Exchange
- Receive 90% Federal medical assistance percentage (FMAP) matching funds for IT builds
- States will need to allocate the costs of their IT system proposals, considering OMB Circular A-87, between the Exchanges, Medicaid, and CHIP
Questions?

If you have questions about long term cost management, please contact:

Jinder Gill
Jinder.Gill@cms.hhs.gov
Johanna Lauer
Payment Policy and Financial Management Group
CCIIO
Elizabeth Hoy

Wyoming
Deborah Faulkner
Rhode Island