

From: Sean Kolmer [KOLMER PERSONAL EMAIL]
Subject: Draft from Alex..
Date: April 16, 2014
To: Mike Bonetto [BONETTO PERSONAL EMAIL]
Cc: Patricia McCaig [REDACTED], Tim Raphael [RAPHAEL PERSONAL EMAIL], Patty [WENTZ PERSONAL EMAIL], Dmitri P [PALMATEER PERSONAL EMAIL]

Budget-

Talked with BG yesterday and here is where I think we are

1. From the legislative reports from Feb there are two key points. One it only assumes EXPENSES from federal grant for calendar year 2014. Two it assumes assessment from commercial plans AND MEDICAID as revenue in 2014 but not expenses until 2015. That is important and context I dont think Clyde understands. The projections was around \$23M from these funds for operations of CO in 2015. Medicaid also has not been billed for any of this, again as CO was not needing it for 2014 anyway.
2. \$20-25 v \$5: This is an apples to bananas comparison. Alex is ONLY using the IT line of the budget. BG was expecting to trim others aspects of CO budget to get additional dollars WITHIN existng resources to make any move necessary. BG asked other areas of CO to give him 20% reductions in all areas except IT for options. We should have Clyde ask for that work as well.
3. Bottom line: We should not have AP only present the IT budget as the reason for the decision. He should get those 20% estimates to also use and then it can be part of the whole package for CO Board.

On Mon, Apr 14, 2014 at 8:31 PM, Mike Bonetto [BONETTO PERSONAL EMAIL] wrote:
| attached.

RAPHAEL PERSONAL EMAIL

From: **Tim Raphael**
Subject: Re: Draft from Alex..
Date: April 15, 2014 at 6:33 AM
To: Patricia McCaig

nothing on Cover Oregon
Tim Raphael

On Apr 15, 2014, at 6:22 AM, Patricia McCaig wrote:

I can't find the opinions on the O website. Sheesh. Not a good way to start my morning.

Patricia McCaig

On Apr 15, 2014, at 6:21 AM, Tim Raphael wrote:

Are you tracking the budget numbers? I thought that Cover Oregon had a \$50 million budget for everything in 2014, not just IT, and that we had \$20-30 million remaining for IT...now it looks like the IT budget is \$50 million and we have \$5 million left???

Tim Raphael

Begin forwarded message:

<Final Tech Meeting April 2014.pptx>

TR000421

Message

From: Sean Kolmer [KOLMER PERSONAL EMAIL]
Sent: 4/16/2014 3:50:39 PM
To: Mike Bonetto [BONETTO PERSONAL EMAIL]; [WENTZ PERSONAL EMAIL]
CC: Patricia McCaig [PALMATEER PERSONAL EMAIL]; Tim Raphael [RAPHAEL PERSONAL EMAIL]; Patty [REDACTED]
Subject: Draft from Alex..

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On Mon, Apr 14, 2014 at 8:31 PM, Mike Bonetto [BONETTO PERSONAL EMAIL] wrote:
attached.

From: Clyde Hamstree [REDACTED]
Subject: RE: atricia,RE: Let's talk
Date: April 17, 2014 8:57:50 PM PDT
To: Patricia McCaig [REDACTED]

7:00 breakfast if you like or call or 10:30am

From: Patricia McCaig [REDACTED]
Sent: Thursday, April 17, 2014 7:43 PM
To: Clyde Hamstreet
Subject: Re: atricia,RE: Let's talk

Yes. In campaign mtg til 9 tonight. Suggest time tomorrow?

PMc

On Apr 17, 2014, at 7:17 PM, Clyde Hamstreet [REDACTED] > wrote:

I still think it is a good idea to talk. Let me know when you are ready.

From: Patricia McCaig [REDACTED]
Sent: Thursday, April 17, 2014 6:32 AM
To: Clyde Hamstreet
Subject: Let's talk

after the budget info is clearer today.

Patricia McCaig
[REDACTED]

From: BONETTO PERSONAL EMAIL
Subject: budget numbers
Date: April 18, 2014 9:10:36 AM PDT
To: Patricia McCaig

1 Attachment 24 KB



[CO Cash Flo...xlsx \(24 KB\)](#)

From: Mike Bonetto [REDACTED] [BONETTO PERSONAL EMAIL]
Subject: Re: Draft from Alex..
Date: April 16, 2014 10:41:45 AM PDT
To: Patricia McCaig [REDACTED] [PALMATEER PERSONAL EMAIL], Tim Raphael [REDACTED] [RAPHAEL PERSONAL EMAIL], Sean Kolme [REDACTED] [KOLMER PERSONAL EMAIL], Patty [REDACTED] [WENTZ PERSONAL EMAIL], Dmitri P [REDACTED]

1 Attachment, 127 KB

updated draft from Alex...

On Mon, Apr 14, 2014 at 8:31 PM, Mike Bonetto <mibonetto@gmail.com> wrote:
| attached.



[Final_Tech_...pptx \(127 KB\)](#)



COVER
OREGON

TECHNOLOGY RECOMMENDATION

CLYDE HAMSTREET, ACTING EXECUTIVE DIRECTOR

ALEX PETTIT, Ph.D., ACTING CHIEF INFORMATION OFFICER

APRIL 21, 2014

Meeting Agenda: 4/21/2014

Final Recommendation

1. Review Objectives
2. Recap of Board Meeting Presentation
3. Findings: Keep technology / new vendor vs. FFM
4. Final recommendation discussion and vote

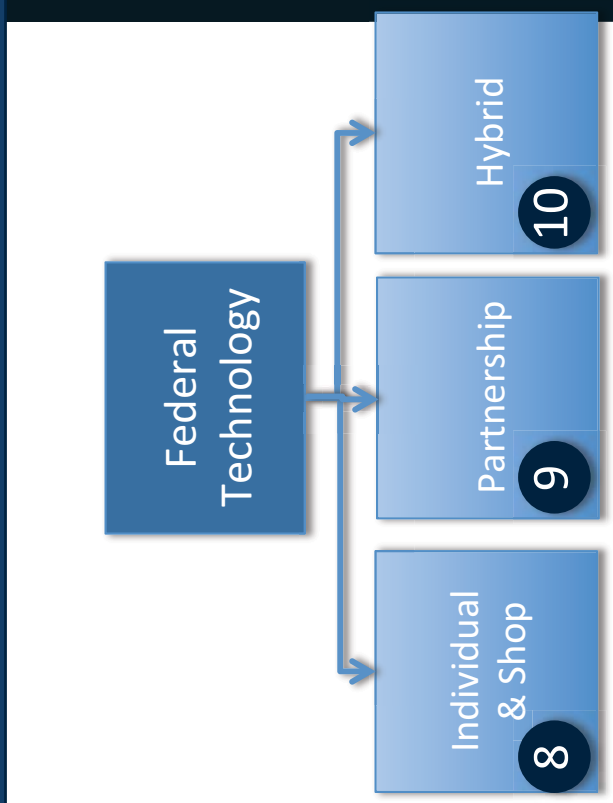
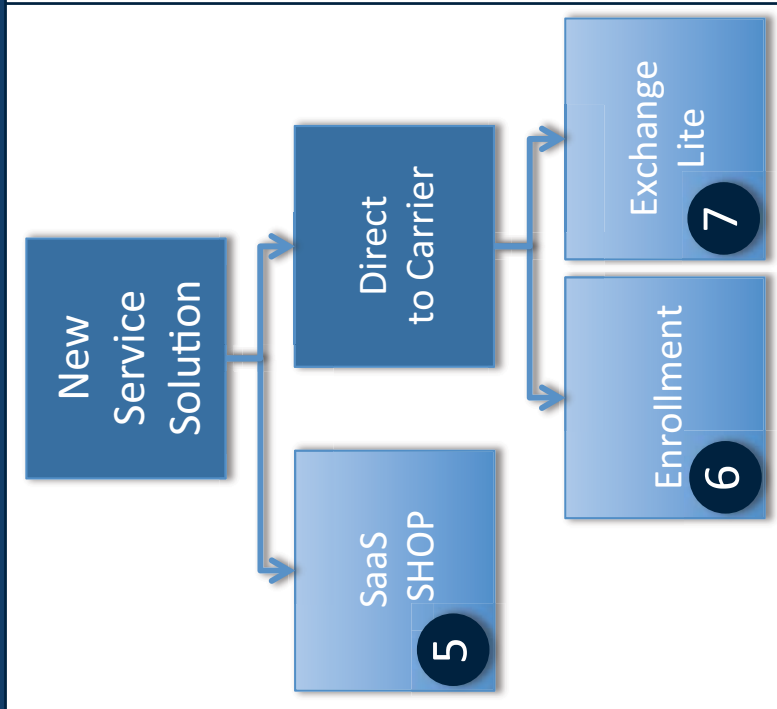
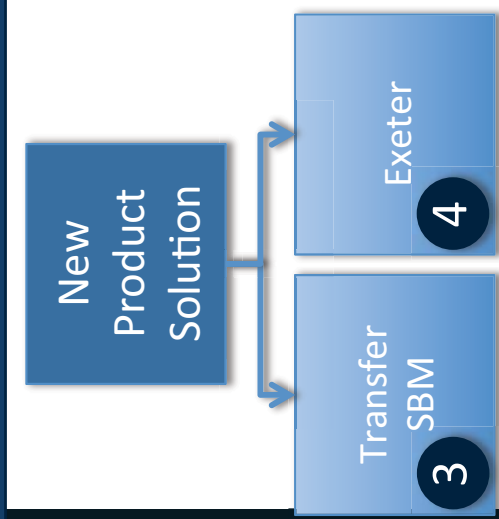
Objectives

- Recommend to the Board of Directors the best technology solution to support the 2015 open enrollment beginning 11/15/2014
- Document recommendation within a report for use by the Board of Directors
- Assumptions: Enrollment, renewal, and change of circumstance for individuals is to be made available online within Cover Oregon's current budget coupled with the lowest possible risk

Stay the Course



New Direction



ISSUES TO CONSIDER:

Cost – Must be delivered within available resources

Time – Thoroughly tested and operationalized prior to Nov. 15

Risk – Must have highest level of certainty for seamless individual application, eligibility, enrollment, renewals and change of circumstance

NARROWED TO THREE:

- Transfer functioning technology from another state, in whole or in part
- Stay with current technology – use new vendor
- Utilize federal exchange technology

IT RESOURCE SUMMARY

2014 IT Budget

\$50MM

Estimated 2014 IT costs *

\$45MM

Difference

\$5MM **

* IT expenses to date + estimated sustainment cost + no new development after May 2014

** Still being verified

STATE SYSTEM TRANSFER:

Transfer functioning technology from another state,
in whole or in part

Maryland transfer from Connecticut \$45MM

Did not include infrastructure 30% \$15MM

Total Estimated Cost \$60MM

Our Decision: Eliminate this option due to risk and cost

REMAINING OPTIONS:

- Stay with current technology use new vendor & bring on system integrator
- Utilize federal exchange technology

NEW VENDOR TO DEVELOP CURRENT TECHNOLOGY:

PROS:

- Maintain no wrong door vision for Oregonians to access services
- Infrastructure & technology is in place and enrollments are occurring (with a large manual effort)
- Certification of agents allows them to sell for multiple plans
- Community partner programs exist to boost enrollments
- Planned interfaces with 16 carriers

NEW VENDOR TO DEVELOP CURRENT TECHNOLOGY

CONS:

- Development timelines are very short
- Uncertainty around state of code and complexity of architecture
- Requires additional expertise and capacity to develop and manage
- Development of re-enrollment, change of circumstances and SHOP has not begun
- Carrier and Medicaid interfaces are not complete
- Federal requirements continuing to evolve

NEW VENDOR TO DEVELOP CURRENT TECHNOLOGY:

MILESTONES



Product Roadmap Focus on ACA requirements



Cover Oregon program management in place



Sole source procurement approved



Functional gap completed and reasonable



Sufficient budget available for execution

DELOITTE ESTIMATE:

- Before November 15, 2014:
 - Stabilization of core application, remediation of technology architecture, and inclusion of enhancements, to include renewal functionality
 - To be delivered in calendar year 2015:
 - Change of circumstance
 - Estimated level of effort:
 - Deloitte (360,000 hours @ \$200/Hr) \$72MM
 - Oracle (30,000 hours @ \$200/Hr) \$ 6MM
-
- Total \$78MM

UTILIZE FEDERAL TECHNOLOGY:

PROS:

- Provides individual enrollment, renewal, and change of circumstance by the November 15, 2014 deadline
- Provides for QHP eligibility, plan shopping and enrollment
- 11 of 16 Oregon carriers already have interfaces with FFM
- Oregon can maintain control over plans offered
- Medicaid eligibility can be moved to OHA; requires no further development from Cover Oregon but significant work from OHA
- Can be done with existing Cover Oregon resources
- Functionality is operational today

UTILIZE FEDERAL TECHNOLOGY:

CONS:

- Migration of existing enrollments to federal system TBD
- Loss of full integration of Medicaid and QHP
- Limited technological options for carriers
- Limits ability to customize for Oregon's needs
- Administrative fee set by feds
- Agents would need to be certified by the FFM

UTILIZE FEDERAL TECHNOLOGY ESTIMATE:

Final Recommendation

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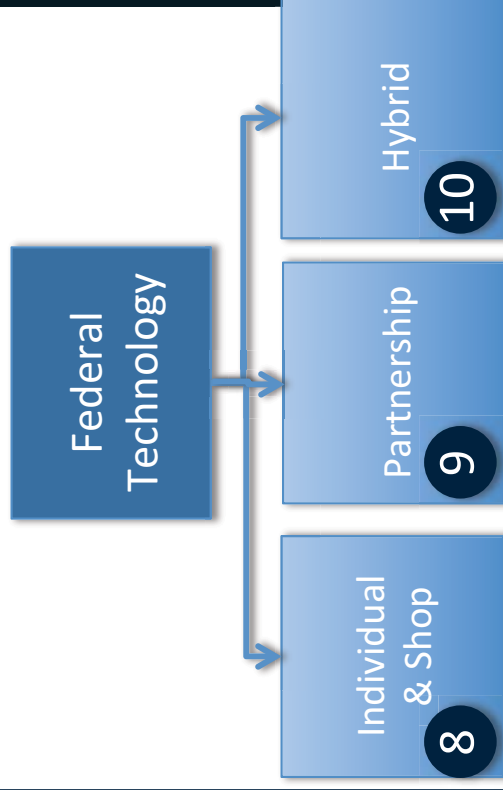
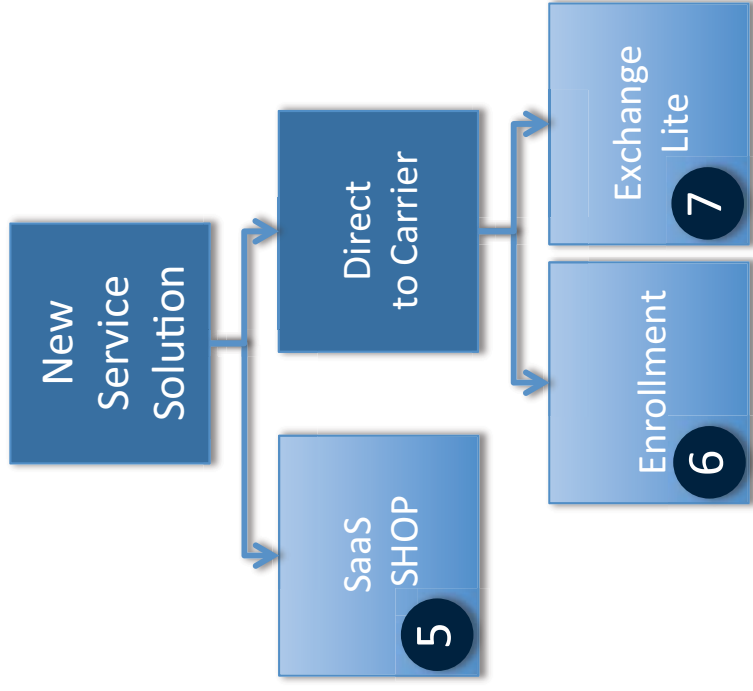
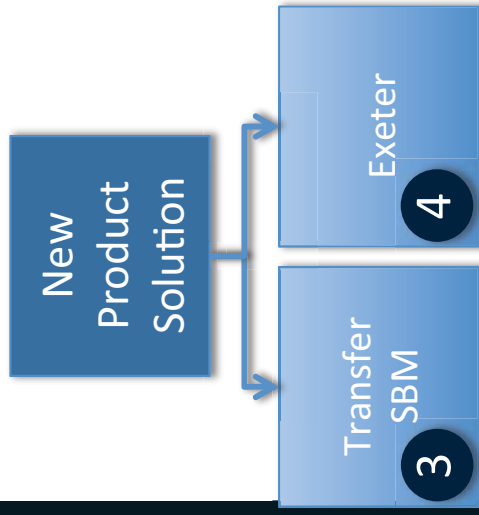
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Stay the Course



New Direction



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UTILIZE FEDERAL TECHNOLOGY ESTIMATE:

Final Recommendation

Message

From: Patricia McCaig [REDACTED]
Sent: 4/22/2014 10:24:21 PM
To: **BONETTO PERSONAL EMAIL**
Subject: Draft C
Attachments: Final Tech Meeting Draft C.pptx; HTML Attachment.html

I've made changes in red so people can track - some will require discussion. Most importantly I've re-ordered some of the slides. Take a look, and then call me. Let's decide if we want this to go out before 4:00.

Patricia McCaig





TECHNOLOGY RECOMMENDATION

ALEX PETTIT, Ph.D., ACTING CHIEF INFORMATION OFFICER

APRIL 24, 2014

Meeting Agenda: 4/24/2014

1. Review Technology Committee Objectives & Recommendation Criteria **Guidelines**
2. Recap of Process and Results ~~to date~~/thru last meeting
3. Update on **Fixing** Current Technology / New Vendor **option**
4. Update on Utilizing Federal Technology **option**
5. Final Analysis, Discussion & Recommendation

OBJECTIVES

- Recommend to the Board of Directors the best technology option for enrollment, renewal, and change of circumstance to support the 2015 open enrollment beginning 11/15/2014
- Document recommendation with a final report
- Assumptions: Enrollment, renewal, and change of circumstance for individuals is to be made available online within Cover Oregon's current budget coupled with the lowest possible risk by or before November 15, 2014

RECOMMENDATION CRITERIA **GUIDELINES**

- Risk – Must provide the highest level of certainty for seamless individual enrollment, renewal and change of circumstance
- Schedule – Thoroughly tested and operationalized prior to November 15, 2014
- Cost – Must be delivered within available resources

RECAP OF PROGRESS

1. Initial Meeting: March 11 - Articulate problem scope and constraints
2. Workshop Meeting: March 13 - Further description of problem
3. Workshop Meeting: March 18 - Articulation of solutions and limitations
4. Workshop Meeting: March 21 - Go forward plan proposed and detailed
5. Recommendation Meeting: March 27 - Go forward plan reviewed and approved
6. Status Monitoring Meeting: March 31 - Kick-off meeting

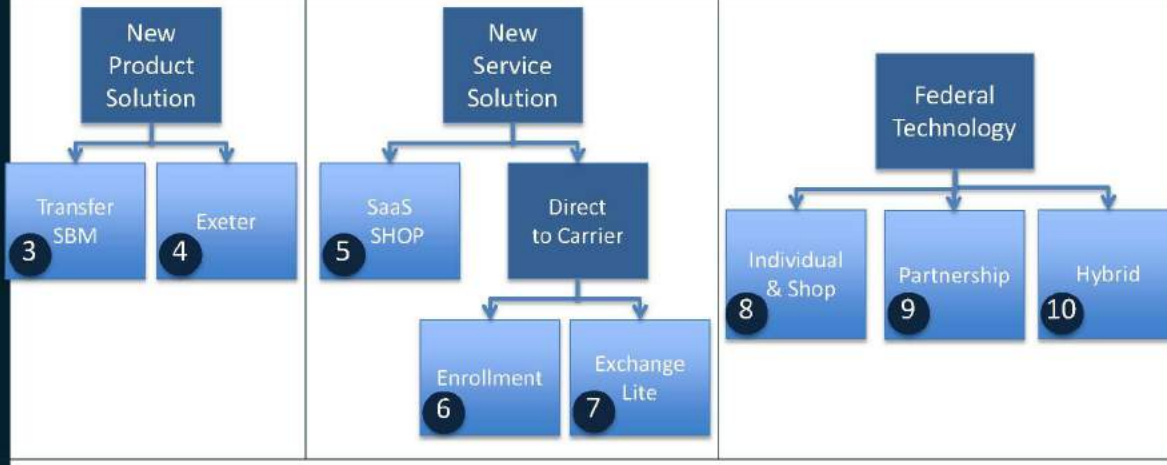
INITIAL SOLUTION ALTERNATIVES

Stay the Course

1 Keep the Technology
Keep the Vendor

2 Keep the Technology
Select a New Vendor

New Direction



~~WE NARROW~~ **NARROWED FROM 10 TO 3 FOR FURTHER REVIEW**

- State System Transfer: Transfer functioning technology from another state, in whole or in part
- **Fix** ~~C~~current technology – use new vendor
- Utilize federal exchange technology

STATE SYSTEM TRANSFER

KEY FINDINGS

- Utilize known working technology core to start
- Avoid pitfalls and address issues proactively by leveraging experience of other state
- A gap analysis is necessary to identify differences in business functions, business processes, and technology architectures
- Requires additional expertise and capacity
- Development of SHOP functionality will need to be addressed
- Some carrier interfaces would need to be developed
- Need to respond to evolving federal requirements

STATE SYSTEM TRANSFER OPTION ELIMINATED

- Risk: Has not been successfully done to date
 - Schedule: Infrastructure procurement and configuration would need to be completed before modifications to the application could begin
 - Cost: Maryland: \$45MM, plus infrastructure
- ~~Option eliminated due to Risk, Schedule, and Cost~~

OUR PRELIMINARY RECOMMENDATION: DUAL APPROACH

- **Fix** Current Technology / New Vendor: **fix** current technology and use a systems integrator
- Actively develop a plan to utilize the federal exchange technology if milestones are missed

Fix Current Technology/ New Vender

KEY FINDINGS

- Maintain no wrong door vision for Oregonians to access services
- Infrastructure & technology is in place and enrollments are occurring (with a large manual effort)
- State of code and complexity of architecture pose significant challenges to stabilize what is currently developed
- Development of functionality including renewal and change of circumstance is not complete
- Federal requirements continue to evolve

FIX TECH/NEW VENDOR MILESTONES

- Product roadmap focus on ACA requirements (4/4/2014)
- Sole source procurement approved (4/4/2014)
- Function gap completed and reasonable (4/11/2014)
- CO governance structure built & operational (4/11/2014)
- CO program management in place (4/30/2014)
- CO attrition is managed (4/30/2014)
- System Integrator contract is complete (4/30/2014)
- 2015 Open Enrollment functionality requirements complete (5/30/2014)
- 2015 Open Enrollment functional design complete (5/30/2014)
- 2015 Open Enrollment technical design complete (5/30/2014)
- 2015 Open Enrollment development on-track (6/15/2014)
- Final go/no-go decision (6/30/2014)

DELOITTE ASSESSMENT

- Stabilization of current software and development of renewal capability is all that can be achieved by November 15, 2014
- Change of circumstance would not be completed until November 2015
- Total effort is estimated to exceed 390,000 hours, @ \$200/hr ≈ \$78MM to complete

FIX CURRENT TECHNOLOGY/NEW VENDOR REVIEW

- Risk: Aggressive timeline introduces substantial risk into project plan with little margin for error
- Schedule: Not all functionality can be completed by November 15, 2014
- Cost: This option exceeds the budget we have to complete development **Exceeds available resources**

UTILIZE FEDERAL TECHNOLOGY

KEY FINDINGS

- Requires CO to maintain operations for 2014 events
- Provides individual enrollment, renewal, and change of circumstance by the November 15, 2014 deadline
- Provides for QHP eligibility, plan shopping and enrollment
- 11 of 16 Oregon carriers already have interfaces with FFM
- Medicaid eligibility can be moved to OHA; requires no further development from Cover Oregon but significant work from OHA
- Migration of existing enrollments to federal system TBD
- Loss of full integration of Medicaid and QHP
- Agents would need to be certified by the FFM

Deloitte Assessment

Deloitte estimate:

- QHP to FFM transition expenses - \$4 – 6MM
- Medicaid to OHA total effort is estimated not to exceed 160,000 hours, @ \$200/hr ≈ \$36MM* to complete (this includes \$4-6MM to Cover Oregon)

* This expense is likely eligible for federal matching rate, but does not include cost to carriers

POTENTIAL STATE EXCHANGE UTILIZING FEDERAL TECHNOLOGY

- ~~Joint discussions with OHA and CMS are underway~~
- High-level approach defined
 - Transfer QHP Eligibility and Enrollment to FFM (Federally Facilitated Marketplace) , including portal and call center
 - Oregon retains front-end customer outreach and education, initial QHP management and some QHP oversight
 - Transfer Medicaid eligibility determination back to OHA, OHA retains Medicaid portal and call center, Medicaid consumer outreach and education, Medicaid determinations, enrollments, redeterminations and appeals
- Utilize cross-agency project team, rely on one system integrator for both entities and consider budget implications to both organizations

UTILIZE FEDERAL TECHNOLOGY REVIEW

- Risk: Enrollment, renewal, and change of circumstance functionality are currently available, lowest risk option
- Schedule: All functionality will be available before November 2014
- Cost: Least expensive option identified
Estimates within available resources

OBJECTIVES/RECOMMENDATION

- Recommend to the Board of Directors the best technology option for enrollment, renewal, and change of circumstance to support the 2015 open enrollment beginning 11/15/2014
- Document recommendation with a final report
- Assumptions: Enrollment, renewal, and change of circumstance for individuals is to be made available online within Cover Oregon's current budget coupled with the lowest possible risk by or before November 15, 2014
- Formal recommendation from the Tech Committee

COVER OREGON



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Message

From: Patricia McCaig [REDACTED]
Sent: 4/23/2014 3:39:07 PM
To: [REDACTED] **BONETTO PERSONAL EMAIL**
Subject: Fwd: Slides 18 and 19
Attachments: FFM costs.pptx; HTML Attachment.html

These don't work for me either - came from Patty.

Patricia McCaig

[REDACTED]

Begin forwarded message:

USE FEDERAL TECHNOLOGY FOR QHP RETAIN CURRENT TECHNOLOGY FOR OHP

- High-level approach defined
 - Transfer QHP Eligibility and Enrollment to FFM (Federally Facilitated Marketplace) , including portal and customer service
 - Oregon retains front-end customer outreach and education, initial QHP management and some QHP oversight
 - Medicaid eligibility and enrollment system is transferred to Oregon Health Authority
- Utilize cross-agency project team, rely on one system integrator for both entities and consider budget implications to both organizations

BUDGET/COST ESTIMATES FOR ORGANIZATIONS & COSTS

BUDGET ESTIMATES

Cover Oregon: \$4-6M

Oregon Health Authority: \$3-5M (from dollars already allocated for Medicaid processing. Eligible for 90/10 federal match)

COST – DELOITTE ANALYSIS. Up to \$ ___ M if current technology not leveraged for OHP

Transfer QHP to FFM: \$4-6M

Complete rebuild of Medicaid eligibility: ~\$__M

Actual cost leveraging current technology: Budget in development

COVER OREGON

Message

From: BONETTO PERSONAL EMAIL
Sent: 4/23/2014 2:46:03 AM
To: Patricia McCaig
Subject: Re: Follow up: weekly planning

Agree...it's certainly better than being especially nervous about Wed, Thurs AND Fri.

On Apr 22, 2014, at 7:10 PM, Patricia McCaig > wrote:

We are making progress, but I'm a bit nervous. Especially about Friday.

Patricia McCaig

On Apr 22, 2014, at 7:09 PM, Mike Bonetto wrote:

Sent from my iPhone

Begin forwarded message:

From: "Pettit, Alex" <alex.pettit@coveroregon.com>

Date: April 22, 2014 at 6:59:30 PM PDT

To: BONETTO Mike * GOV, BONETTO STATE EMAIL, PETTIT Alex * CIO, "Goldberg, Bruce"

, GOLDBERG Bruce <>, "Hamstreet, C"

, PALMATEER Dmitri * GOV, ROTH Grace * GOV

, HARMONJOHNSON Nkenge, WENTZ Patty

, KOLMER Sean P * GOV

Cc: ACREE Amy * CIO, SOTO Janet * GOV, "Million, Kathy"

<hamstreet.net>

Subject: Re: Follow up: weekly planning

Version 5 is attached.

From: BONETTO Mike * GOV <>

Date: Tuesday, April 22, 2014 3:58 PM

To: PETTIT Alex * CIO, Alex Pettit, "Goldberg, Bruce"

, GOLDBERG Bruce, Clyde Hamstreet

, PALMATEER Dmitri * GOV, ROTH Grace * GOV

, HARMONJOHNSON Nkenge, WENTZ Patty

, KOLMER Sean P * GOV

Cc: ACREE Amy * CIO, SOTO Janet * GOV, "Million, Kathy"

Subject: RE: Follow up: weekly planning

Thx Alex...here are some newer edits for 4:00 discussion

From: Pettit, Alex [REDACTED]
Sent: Tuesday, April 22, 2014 3:54 PM
To: BONETTO Mike * GOV; PETTIT Alex * CIO; Goldberg, Bruce; GOLDBERG Bruce; Hamstreet, C; PALMATEER Dmitri * GOV; ROTH Grace * GOV; HARMON JOHNSON Nkenge * GOV; WENTZ Patty; KOLMER Sean P * GOV
Cc: ACREE Amy * CIO; SOTO Janet * GOV; Million, Kathy
Subject: Re: Follow up: weekly planning

Forgot the attachment.

From: BONETTO Mike * GOV [REDACTED]
Date: Tuesday, April 22, 2014 1:21 PM
To: PETTIT Alex * CIO [REDACTED], Alex Pettit [REDACTED]
[REDACTED], GOLDBERG Bruce [REDACTED]
Clyde Hamstreet [REDACTED] PALMATEER Dmitri * GOV [REDACTED] ROTH
Grace * GOV [REDACTED] BONETTO Mike * GOV [REDACTED] HARMON JOHNSON
Nkenge * GOV [REDACTED] WENTZ Patty [REDACTED], KOLMER Sean P * GOV
[REDACTED]
Cc: ACREE Amy * CIO [REDACTED], SOTO Janet * GOV [REDACTED]
[REDACTED]
Subject: Follow up: weekly planning

<Final Tech Meeting April 24 2014 v 5.pptx>

From: Sean Kolmer [KOLMER PERSONAL EMAIL]
 Subject: Re: Do you have time to connect today?
 Date: April 20, 2014 8:08:19 AM PDT
 To: Patricia McCaig [REDACTED] >

- 1) We already have commitment from them and they already know we want to announce federal funds to assist in any additional enhancements to make the system functional for Medicaid. They are comfortable with us saying these costs are eligible for a 90/10 match. They will not want us to peg a number but talk about the federal share. Side note: They think that Texas estimate we have should be lower for us from what they know about Texas.
 - 2) We have that. Let me get the grant spend on what we have paid ANY IT contractor since 2011. Should not be a problem by Friday.
 - 3) I will send you the framework we have agreement on from them in another email. Basically, we will be doing most of the functions we care about (i.e. managing the market to continue transformation into the private market and outreach efforts). This is not a model they have with any other state so we can play up the uniqueness of this relationship.
 - 4) Most of that will be on the Medicaid side. Low estimate I have seen is thinking 40-50% of the work done is easily transferable to Medicaid. Things we will walk away from is carrier specific IT connections, small business work, broker commission work. on the CO side, we will still need a portal for consumers to enter but that is a small cost compared to the tech investments.
 - 5) I dont think they will want to be proactive on this but will be ok with us making statements about working with them etc. This is where we need to get our language we think we want and get to them ASAP. We are meeting with their leadership on 28-29.
- let me know if this all makes sense.

On Saturday, April 19, 2014, Patricia McCaig [REDACTED] wrote:
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Patricia McCaig
 [REDACTED]

From: Sean Kolmer [KOLMER PERSONAL EMAIL]
 Subject: Re: Do you have time to connect today?
 Date: April 20, 2014 8:08:19 AM PDT
 To: Patricia McCaig [REDACTED] >

- 1) We already have commitment from them and they already know we want to announce federal funds to assist in any additional enhancements to make the system functional for Medicaid. They are comfortable with us saying these costs are eligible for a 90/10 match. They will not want us to peg a number but talk about the federal share. Side note: They think that Texas estimate we have should be lower for us from what they know about Texas.
 - 2) We have that. Let me get the grant spend on what we have paid ANY IT contractor since 2011. Should not be a problem by Friday.
 - 3) I will send you the framework we have agreement on from them in another email. Basically, we will be doing most of the functions we care about (i.e. managing the market to continue transformation into the private market and outreach efforts). This is not a model they have with any other state so we can play up the uniqueness of this relationship.
 - 4) Most of that will be on the Medicaid side. Low estimate I have seen is thinking 40-50% of the work done is easily transferable to Medicaid. Things we will walk away from is carrier specific IT connections, small business work, broker commission work. on the CO side, we will still need a portal for consumers to enter but that is a small cost compared to the tech investments.
 - 5) I dont think they will want to be proactive on this but will be ok with us making statements about working with them etc. This is where we need to get our language we think we want and get to them ASAP. We are meeting with their leadership on 28-29.
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[42514%20B_ptx \(135 KB\)](#)



COVER
OREGON

COVER OREGON BOARD MEETING

CLYDE HAMSTREET, ACTING EXECUTIVE DIRECTOR

APRIL 25, 2014

TECHNOLOGY OVERSIGHT WORKGROUP

Alex Pettit will provide the group's report

RECOMMENDATION GUIDELINES

- Risk – Must provide the highest level of certainty for seamless individual enrollment, renewal and change of circumstance
- Schedule – Thoroughly tested and operationalized prior to November 15, 2014
- Cost – Must be delivered within available resources

OUR PRELIMINARY RECOMMENDATION: DUAL APPROACH

- Fix Current Technology / New Vendor: fix current technology and use a systems integrator
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- Risk: Aggressive timeline introduces substantial risk into project plan with little margin for error
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UTILIZE FEDERAL TECHNOLOGY REVIEW

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WORKGROUP RECOMMENDATION

Based upon Risk, Schedule, and Cost, we recommend moving forward with ~~the Federal Exchange for QHP~~ **using the federal technology for commercial eligibility and enrollment and leverage our current technology investment to support Medicaid eligibility and enrollment in OHA**

THE BUSINESS CONSIDERATION

There are other aspects for CO to consider alongside the IT recommendation when making this decision.

- How it affects Cover Oregon's
 - Mission
 - Customers
 - Business partners
 - Medicaid
 - Insurance providers-carriers
 - ~~The agents who sell our products~~
 - Agents
 - Community partners
 - Employees
 - Financial Viability

EFFECTS ON OUR MISSION

Will conversion using federal technology to FFM

~~System...~~

- Help Oregonians obtain affordable health care
 - Yes
- Help Oregon achieve one stop application process
 - No
- Help Oregon retain control over it's health insurance options
 - Maintains control but control is lessened

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- Cover Oregon can be seen as Oregon's General Health Insurance Agent that offers two product lines:
 - QHP – Qualified Health Plans
 - Fifteen carriers i.e. Moda, Kaiser, Providence,
 - 70,000 individuals have applied, been qualified and selected a plan
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Total number of Cover Oregon customers – 250,000

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- Increase in FFM fees above CO fees about \$4 per mo./per customer increase.
- There will be no effect on CO's OHP customers

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EFFECT ON STATE EXCHANGE AUTHORITY

McCaig 747

Cover Oregon's Role As A State Exchange

QHP Eligibility and Enrollment  Transferred to FFM


QHP Call Center  Transferred to FFM

Medicaid Call Center **Retained by OR**

Front-end Customer  Retained by OR

Outreach

Education  Retained by OR

QHP **Certification and Management**  Retained by OR **with some FFM input**

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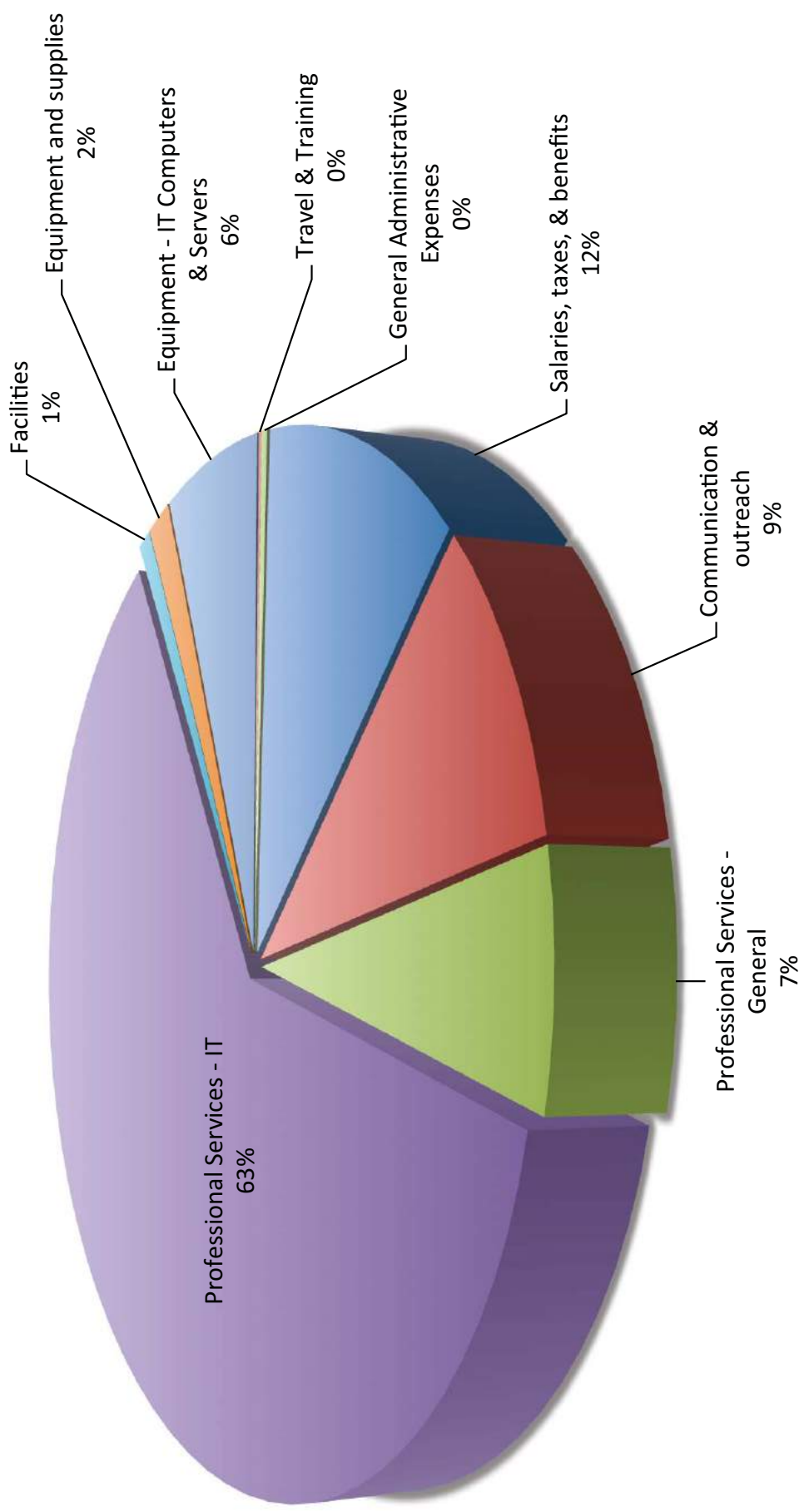
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COVER OREGON'S CUMULATIVE USE OF FUNDS



FINANCIAL VIABILITY

<i>Est. Source and Use of Funds</i>		2014
Est. Source of Fund	\$	110
Est. Use of Funds		
Core Operations		
2014 Application process		
2014 Base IT Support		
Transition to FFM Technology		
Total Est. Use of Funds	\$	105
Est Remainder after 13m contingency	\$	5

Conclusion: Based on what we know today we can achieve the transition to FFM and meet the obligations to our customers, OHA and partners.

MANAGEMENT OF EFFECTS OF TECHNOLOGY CONVERSION TO FFM

- While we have identified the major effects of the technology conversion to FFM, other effects are likely to come to light.
- CO will do its best to minimize these impacts as they come to our attention with a particular focus on smoothness of any re-enrollment.

SUMMARY

- Technology Workgroup has recommended the conversion to FFM technology.
- This conversion reduces but still allows for Oregon’s ability to manage much of its QHP market
- This conversion will not effect our QHP customers now, ~~but will result in minor cost increases and enrollment inconveniences for 2015.~~
- The conversion will effect our insurance providers ~~and our agents, and community partners but full effect unknown and likely variable based on individual choices?~~
- The conversion doesn’t relieve our responsibility to work with OHA to process OHP applications ~~and complete the technology needed to eliminate the manual aspects currently needed.~~

SUMMARY CON'T

The conversion allows Cover Oregon to exit the pain of technology development and focus on health care for Oregonians.

I recommend Cover Oregon adopt the IT Committee's recommendation

Message

From: BONETTO PERSONAL EMAIL
Sent: 4/25/2014 7:21:06 AM
To: Patricia McCaig [REDACTED]; Tim Raphael [REDACTED]
Subject: revised presentation
Attachments: 42514 Board Presentation draft v5.pptx

Ok--just sent this off to Clyde and team. Talk to you guys at 7:30.
MB

Clyde -
In prep for our 7:30 call I've attached a revised slide deck based on helpful feedback from many team members.

Some key things...

- 1) There is now a meeting overview slide (slide 2) - to ensure everyone is tracking with the flow of the presentation.
- 2) We re-inserted much of Alex's full presentation -- think it's critical the board hears the thorough process that went into the decision. Have also highlighted slides 17-19 where it would be helpful if Tina and Sean provided more detail.
- 3) We have condensed much of your "business consideration" slides and changed them to "decision implications and critical next steps" - this will keep the conversation focused on the decision at hand and allow you to come back to the May 8th board meeting with more detail on these areas.



COVER OREGON BOARD MEETING

CLYDE HAMSTREET, ACTING EXECUTIVE DIRECTOR

APRIL 25, 2014

MEETING OVERVIEW

1. Review IT Advisory Committee Materials and Recommendation
1. Decision Implications and Critical Next Steps
1. Cover Oregon Budget Overview
1. Recommendation and Board Action

TECHNOLOGY OVERSIGHT WORKGROUP

Alex Pettit will provide the group's report

RECOMMENDATION GUIDELINES

- Risk – Must provide the highest level of certainty for seamless individual enrollment, renewal and change of circumstance
- Schedule – Thoroughly tested and operationalized prior to November 15, 2014
- Cost – Must be delivered within available resources

RECAP OF PROGRESS

1. Initial Meeting: March 11 - Articulate problem scope and constraints
2. Workshop Meeting: March 13 - Further description of problem
3. Workshop Meeting: March 18 - Articulation of solutions and limitations
4. Workshop Meeting: March 21 - Go forward plan proposed and detailed
5. Preliminary recommendation Meeting: March 27 - Go forward plan reviewed and approved
6. Status Monitoring Meeting: March 31 – Dual Approach

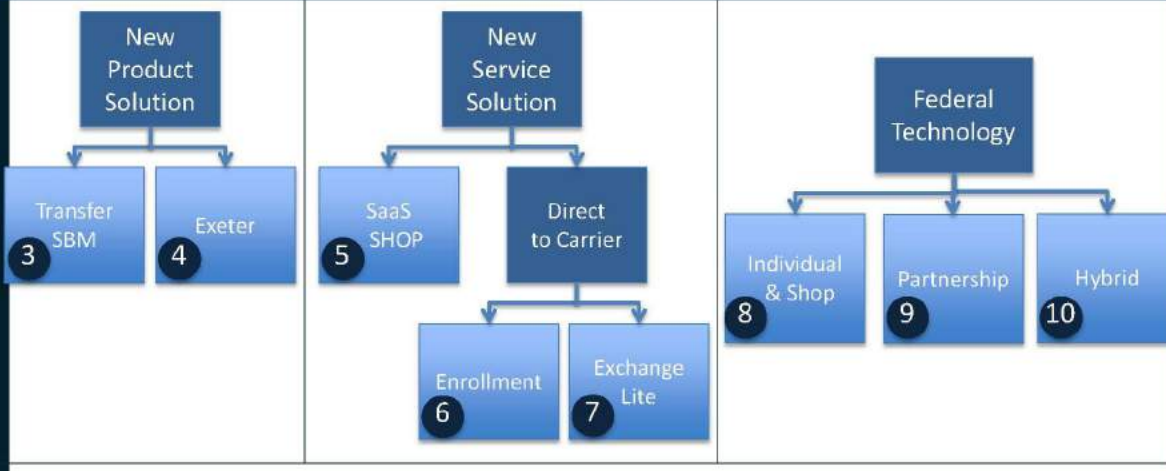
INITIAL SOLUTION ALTERNATIVES

Stay the Course

1 Keep the Technology
Keep the Vendor

2 Keep the Technology
Select a New Vendor

New Direction



NARROWED FROM 10 TO 3 FOR FURTHER REVIEW

- State System Transfer: Transfer functioning technology from another state, in whole or in part
- Fix current technology – use new vendor
- Utilize federal exchange technology

STATE SYSTEM TRANSFER KEY FINDINGS

- Utilize known working technology core to start
- Avoid pitfalls and address issues proactively by leveraging experience of other state
- A gap analysis is necessary to identify differences in business functions, business processes, and technology architectures
- Requires additional expertise and capacity
- Development of SHOP functionality will need to be addressed
- Some carrier interfaces would need to be developed
- Need to respond to evolving federal requirements

STATE SYSTEM TRANSFER OPTION ELIMINATED

- Risk: Has not been successfully done to date
- Schedule: Infrastructure procurement and configuration would need to be completed before modifications to the application could begin
- Cost: Maryland: \$45MM, plus infrastructure

OUR PRELIMINARY RECOMMENDATION: DUAL APPROACH

- Fix Current Technology / New Vendor: fix current technology and use a systems integrator
- Simultaneously develop a plan to utilize the federal exchange technology and execute if milestones are missed

KEY FINDINGS

- Maintain no wrong door vision for Oregonians to access services
- Infrastructure & technology is in place and enrollments are occurring (with a large manual effort)
- State of code and complexity of architecture pose significant challenges to stabilize what is currently developed
- Development of functionality including renewal and change of circumstance is not complete
- Federal requirements continue to evolve

DELOITTE ASSESSMENT

- Stabilization of current software and development of renewal capability is all that can be achieved by November 15, 2014
- Change of circumstance would not be completed until November 2015
- Total effort is estimated to exceed 390,000 hours, @ \$200/hr ≈ \$78MM to complete

FIX CURRENT TECHNOLOGY/NEW VENDOR REVIEW

- Risk: Aggressive timeline introduces substantial risk into project plan with little margin for error
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UTILIZE FEDERAL TECHNOLOGY

KEY FINDINGS

- Requires CO to maintain operations for 2014 events
- Provides individual enrollment, renewal, and change of circumstance by the November 15, 2014 deadline
- Provides for QHP eligibility, plan shopping and enrollment
- 11 of 16 Oregon carriers already have interfaces with FFM
- Medicaid eligibility can be moved to OHA; requires no further development from Cover Oregon but significant work from OHA
- Migration of existing enrollments to federal system TBD
- Loss of full integration of Medicaid and QHP
- Agents would need to be certified by the FFM

DELOITTE ASSESSMENT

- Migration to federal technology for QHP eligibility and enrollment expenses - \$4 – 6MM

MEDICAID ELIGIBILITY DETERMINATION (have Tina do this slide with more depth)

- Transfer Medicaid eligibility determination back to OHA
- OHA retains:
 - Medicaid portal and call center
 - Medicaid consumer outreach and education
 - Medicaid determinations, enrollments, redeterminations and appeals
- Utilize cross-agency project team, rely on one system integrator for both entities

COST ESTIMATE TO TRANSFER MEDICAID ELIGIBILITY TO OHA

(Have Tina do this slide with more depth)

- Key assumptions:
 - Some of Oregon's current technology can be adapted
 - Costs are eligible for 90%-10% federal match
- Cost estimate to complete transfer is within available resources

POTENTIAL STATE EXCHANGE UTILIZING FEDERAL TECHNOLOGY

(Have Sean do this slide – with an introduction on how it came to be...Oregon initiating....and DC next week

- High-level approach defined
 - Use the federal technology for QHP Eligibility and Enrollment, including portal and call center
 - Oregon retains:
 - front-end customer outreach
 - education
 - initial QHP management and
 - some QHP oversight
- On-going costs/budget to be determined

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- Risk: Enrollment, renewal, and change of circumstance functionality are currently available, lowest risk option
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WORKGROUP RECOMMENDATION

The workgroup unanimously concluded that using the federal website technology was the most reliable, least costly option to provide a working website by November 2014.

DECISION IMPLICATIONS

Identify changes in services, if any, and develop plans for:

- Customers
- Business partners
 - Medicaid
 - Insurance carriers
 - Agents
 - Community partners
- Employees
- Financial viability

CRITICAL NEXT STEPS

- Retain control of (based on ongoing work with CMS):
 - front-end customer outreach
 - education
 - initial QHP management and
 - some QHP oversight
- Utilize work to date: review for adaptability
- Assess impact and develop appropriate plans for:
 - Customers
 - Insurance carriers
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Cover Oregon Budget Update

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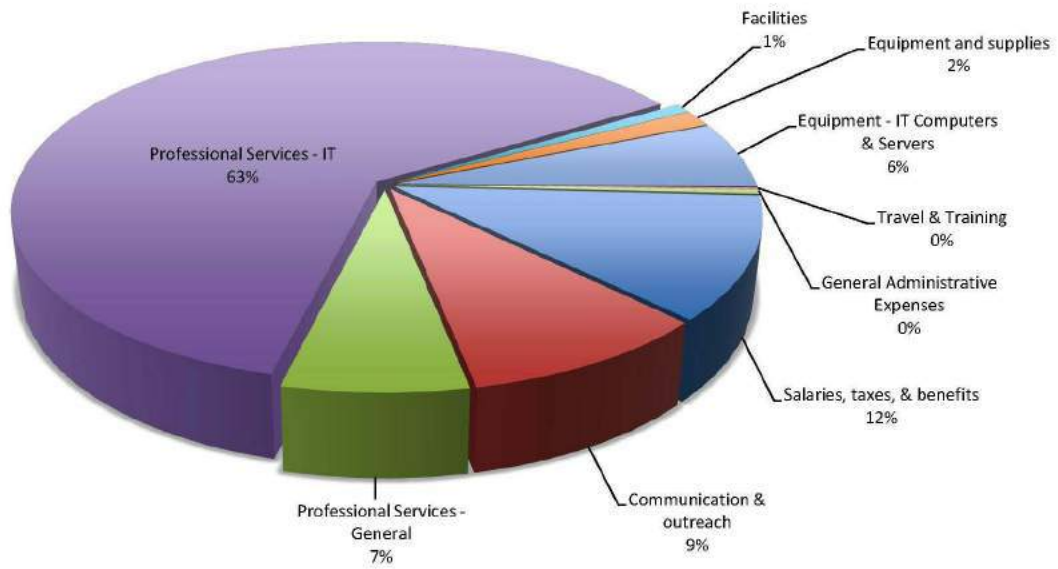
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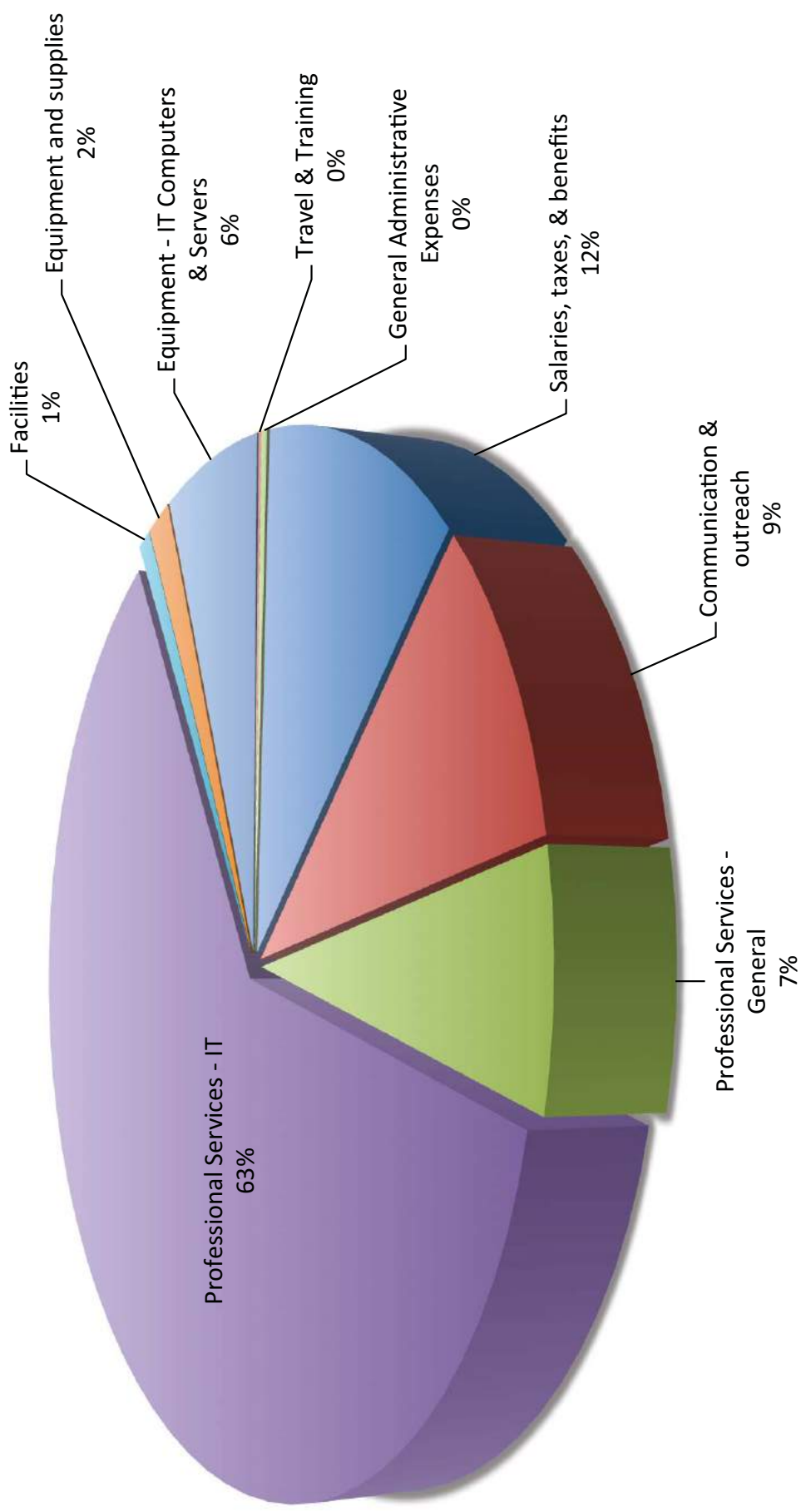
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COVER OREGON'S CUMULATIVE USE OF FUNDS



FINANCIAL VIABILITY

<i>Est. Source and Use of Funds</i>		2014
Est. Source of Fund	\$	110
Est. Use of Funds		
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2014 Application process		
2014 Base IT Support		
Transition to FFM Technology		
Total Est. Use of Funds	\$	105
Est Remainder after 13m contingency	\$	5

Conclusion: Based on what we know today we can achieve the transition to FFM and meet the obligations to our customers, OHA and partners.

MANAGEMENT OF EFFECTS OF TECHNOLOGY CONVERSION TO FFM

- While we have identified the major effects of the technology conversion to FFM, other effects are likely to come to light.
- CO will do its best to minimize these impacts as they come to our attention with a particular focus on smoothness of any re-enrollment.

SUMMARY

- Technology Workgroup has recommended the conversion to FFM technology.
- This conversion reduces but still allows for Oregon’s ability to manage much of its QHP market
- This conversion will not effect our QHP customers now, ~~but will result in minor cost increases and enrollment inconveniences for 2015.~~
- The conversion will effect our insurance providers ~~and our agents, and community partners but full effect unknown and likely variable based on individual choices?~~
- The conversion doesn’t relieve our responsibility to work with OHA to process OHP applications ~~and complete the technology needed to eliminate the manual aspects currently needed.~~

SUMMARY CON'T

The conversion allows Cover Oregon to exit the pain of technology development and focus on health care for Oregonians.

I recommend Cover Oregon adopt the IT Committee's recommendation

BONETTO PERSONAL EMAIL

From: [REDACTED]
Subject: Re: ppt
Date: April 24, 2014 10:07:50 PM PDT
To: WENTZ PERSONAL EMAIL, KOLMER PERSONAL EMAIL, MCCAIG, RAPHAEL CONSULTANT EMAILS, HARMON JOHNSON CONSULTANT EMAIL

1 Attachment, 154 KB

Here's my first cut after talking to PMc (keeping SK's edits on the slides that are there)...I added back most of Alex's presentation and also cut most of Clyde's (his now starts on slide 21).



[42514 Boar_ptx \(154 KB\)](#)

WENTZ PERSONAL EMAIL

On Apr 24, 2014, at 9:16 PM, [REDACTED] wrote:

I deleted most of it and sent some edits to patricia and tim earlier.

Sent from my Verizon Wireless 4G LTE smartphone

----- Original message -----

From: Sean Kolmer
Date: 04/24/2014 9:05 PM (GMT-08:00)
To: Patricia McCaig, Tim Raphael, Mike Bonetto, Nkenge, Patty
Subject: ppt

my edits/comments. we should have seen this on tuesday or wednesday as I think much of this language introduces threads and needs work.

i have a talk from 8-9 do as you will with this and i will be ready at the Board.



COVER
OREGON

COVER OREGON BOARD MEETING

CLYDE HAMSTREET, ACTING EXECUTIVE DIRECTOR

APRIL 25, 2014

TECHNOLOGY OVERSIGHT WORKGROUP

Alex Pettit will provide the group's report

RECOMMENDATION GUIDELINES

- Risk – Must provide the highest level of certainty for seamless individual enrollment, renewal and change of circumstance
- Schedule – Thoroughly tested and operationalized prior to November 15, 2014
- Cost – Must be delivered within available resources

RECAP OF PROGRESS

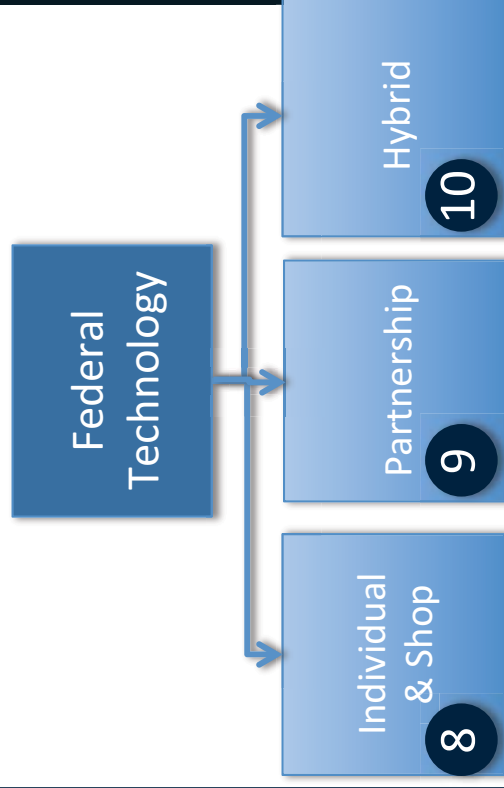
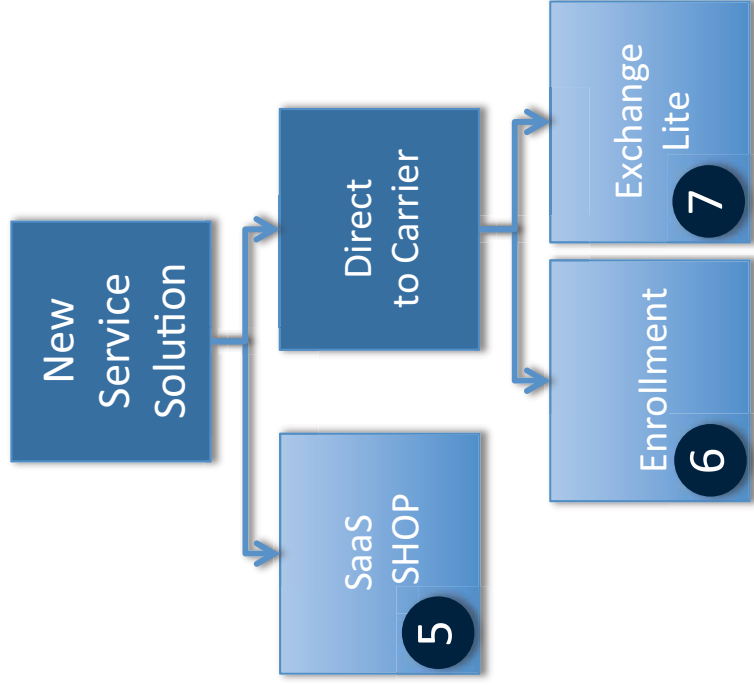
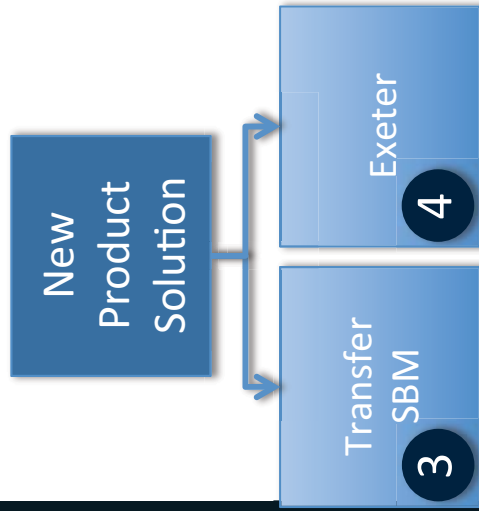
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5. Preliminary recommendation Meeting: March 27 - Go forward plan reviewed and approved
6. Status Monitoring Meeting: March 31 – Dual Approach

INITIAL SOLUTION ALTERNATIVES

Stay the Course



New Direction



NARROWED FROM 10 TO 3 FOR FURTHER REVIEW

- State System Transfer: Transfer functioning technology from another state, in whole or in part
- Fix current technology – use new vendor
- Utilize federal exchange technology

STATE SYSTEM TRANSFER KEY FINDINGS

- Utilize known working technology core to start
- Avoid pitfalls and address issues proactively by leveraging experience of other state
- A gap analysis is necessary to identify differences in business functions, business processes, and technology architectures
- Requires additional expertise and capacity
- Development of SHOP functionality will need to be addressed
- Some carrier interfaces would need to be developed
- Need to respond to evolving federal requirements

STATE SYSTEM TRANSFER OPTION

ELIMINATED

- Risk: Has not been successfully done to date
- Schedule: Infrastructure procurement and configuration would need to be completed before modifications to the application could begin
- Cost: Maryland: \$45MM, plus infrastructure

OUR PRELIMINARY RECOMMENDATION: DUAL APPROACH

- Fix Current Technology / New Vendor: fix current technology and use a systems integrator
- Simultaneously develop a plan to utilize the federal exchange technology and execute if milestones are missed

KEY FINDINGS

- Maintain no wrong door vision for Oregonians to access services
- Infrastructure & technology is in place and enrollments are occurring (with a large manual effort)
- State of code and complexity of architecture pose significant challenges to stabilize what is currently developed
- Development of functionality including renewal and change of circumstance is not complete
- Federal requirements continue to evolve

DELOITTE ASSESSMENT

- Stabilization of current software and development of renewal capability is all that can be achieved by November 15, 2014
- Change of circumstance would not be completed until November 2015
- Total effort is estimated to exceed 390,000 hours, @ \$200/hr ≈ \$78MM to complete

FIX CURRENT TECHNOLOGY/NEW VENDOR REVIEW

- Risk: Aggressive timeline introduces substantial risk into project plan with little margin for error
- Schedule: Not all functionality can be completed by November 15, 2014
- Cost: This option exceeds available resources

UTILIZE FEDERAL TECHNOLOGY

KEY FINDINGS

- Requires CO to maintain operations for 2014 events
- Provides individual enrollment, renewal, and change of circumstance by the November 15, 2014 deadline
- Provides for QHP eligibility, plan shopping and enrollment
- 11 of 16 Oregon carriers already have interfaces with FFM
- Medicaid eligibility can be moved to OHA; requires no further development from Cover Oregon but significant work from OHA
- Migration of existing enrollments to federal system TBD
- Loss of full integration of Medicaid and QHP
- Agents would need to be certified by the FFM

DELOITTE ASSESSMENT

- Migration to federal technology for QHP eligibility and enrollment expenses - \$4 – 6MM

Medicaid eligibility determination

- Transfer Medicaid eligibility determination back to OHA
- OHA retains:
 - Medicaid portal and call center
 - Medicaid consumer outreach and education
 - Medicaid determinations, enrollments, redeterminations and appeals
- Utilize cross-agency project team, rely on one system integrator for both entities

Cost Estimate to Transfer Medicaid Eligibility to OHA

- **Key assumptions:**
 - Some of Oregon’s current technology can be adapted
 - Costs are eligible for 90%-10% federal match
- **Cost estimate to complete transfer is within available resources**

POTENTIAL STATE EXCHANGE UTILIZING FEDERAL TECHNOLOGY

- High-level approach defined
 - Use the federal technology for QHP Eligibility and Enrollment, including portal and call center
 - Oregon retains:
 - front-end customer outreach
 - education
 - initial QHP management and
 - some QHP oversight
- On-going costs/budget to be determined

UTILIZE FEDERAL TECHNOLOGY REVIEW

- Risk: Enrollment, renewal, and change of circumstance functionality are currently available, lowest risk option
- Schedule: All functionality will be available before November 2014
- Cost: Estimates are within available resources

WORKGROUP RECOMMENDATION

Based upon Risk, Schedule, and Cost, we recommend moving forward with ~~the Federal Exchange for QHP~~ **using the federal technology for commercial eligibility and enrollment and leverage our current technology investment to support Medicaid eligibility and enrollment in OHA**

Implementation Areas To Be Addressed

McCaig 776

Other aspects of CO will also need to be addressed based on the IT recommendation.

- How it affects Cover Oregon’s
 - Mission
 - Customers
 - Business partners
 - Medicaid
 - Insurance providers-carriers
 - The agents who sell our products
 - Agents
 - Community partners
 - Employees
 - Financial Viability

CO will do its best to minimize any impacts as they come to our attention and we will have more information on these at the May 8th board meeting.

COVER OREGON'S USE OF FUNDS

	2011 (Sep-Dec)	2012 (Jan-Dec)	2013 (Jan-Dec)	2014 (Jan-Mar)	Cumulative Total****
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Professional Services - General **	140,995	3,815,651	3,801,041	4,874,681	12,632,368
Professional Services - IT ***	0	1,407,981	96,028,618	16,221,049	113,657,648
Facilities	47,095	564,713	643,768	339,564	1,595,140
Equipment and supplies	42,227	852,976	1,649,791	294,085	2,839,079
Equipment - IT Computers & Servers	66,392	182,842	11,336,709	27,752	11,613,695
Travel & Training	13,690	70,089	229,467	24,613	337,859
General Administrative Expenses	9,747	61,714	366,780	247,066	685,307
TOTAL EXPENSES*	\$ 1,082,036	\$ 10,957,734	\$ 141,976,074	\$ 27,564,741	\$ 181,580,585

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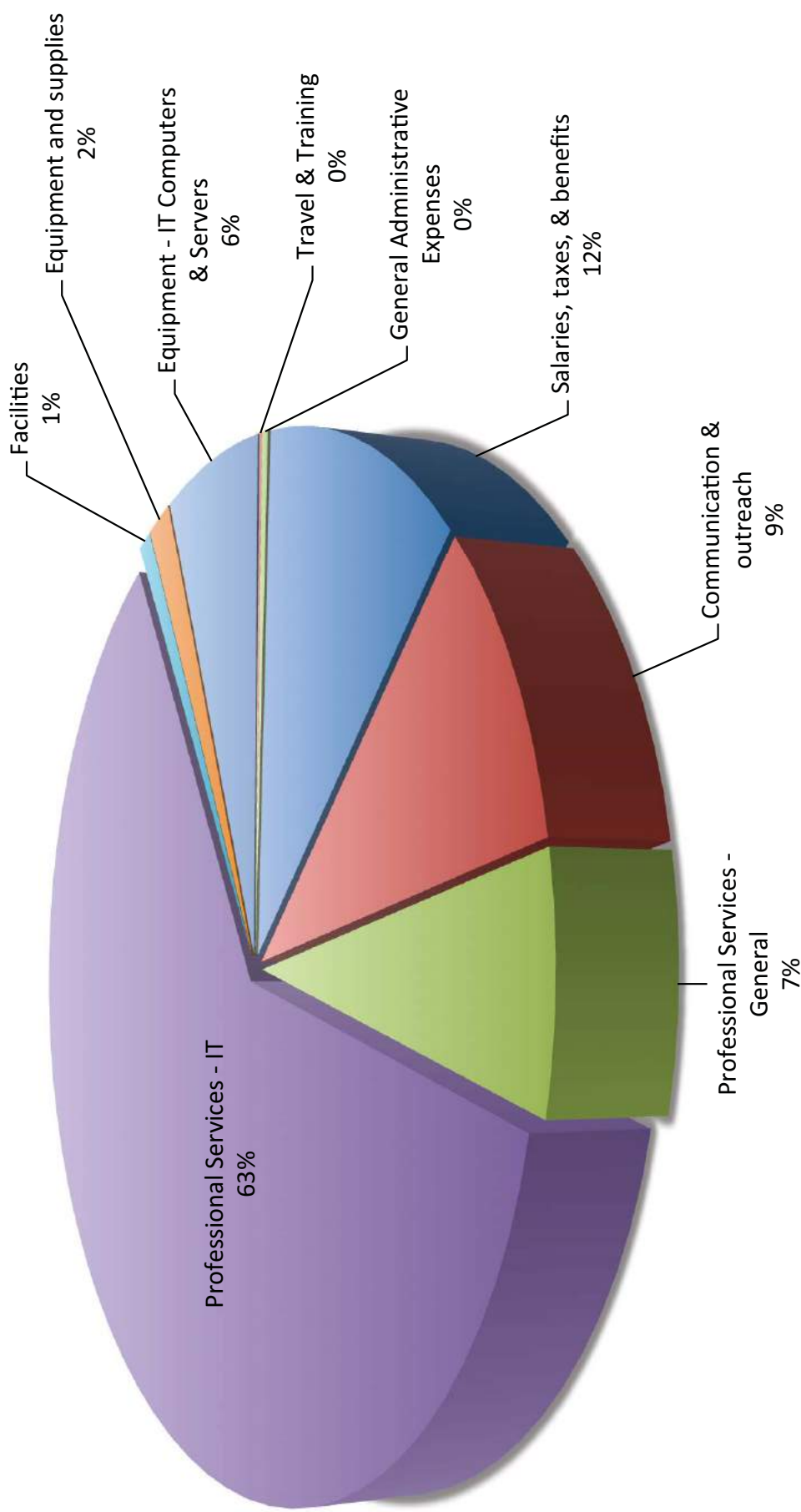
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Conclusion: Based on what we know today we can achieve the transition to ~~FFM~~ **the federal technology** and meet the obligations to our customers, OHA and partners.

SUMMARY

I recommend Cover Oregon adopt the IT Committee's recommendation

From: Patricia McCaig [redacted] >
Subject: Call me after you look.
Date: April 24, 2014 11:04:38 PM PDT
To: BONETTO PERSONAL EMAIL [redacted]



1 Attachment: 163 KB

This can work, there are two slides I can't do without help. 22 and 23.

Patricia McCaig



[42514 Boar_ptx \(163 KB\)](#)



COVER
OREGON

COVER OREGON BOARD MEETING

CLYDE HAMSTREET, ACTING EXECUTIVE DIRECTOR

Alex Petit

Tina

Sean

APRIL 25, 2014

Meeting overview

- Review of IT Advisory Committee materials and recommendation (Alex, Tina & Sean)
- Implementation issues and next steps (Clyde)
- Cover Oregon Budget Overview
- Recommendation and Board action

TECHNOLOGY OVERSIGHT WORKGROUP

Alex Pettit will provide the group's report

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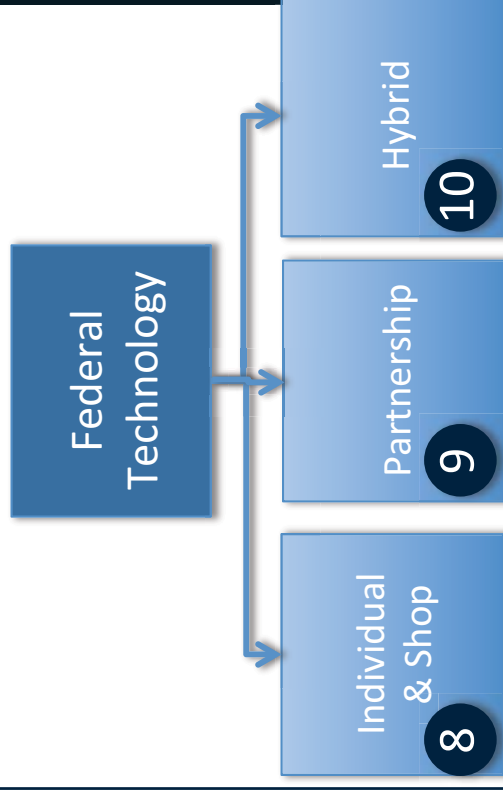
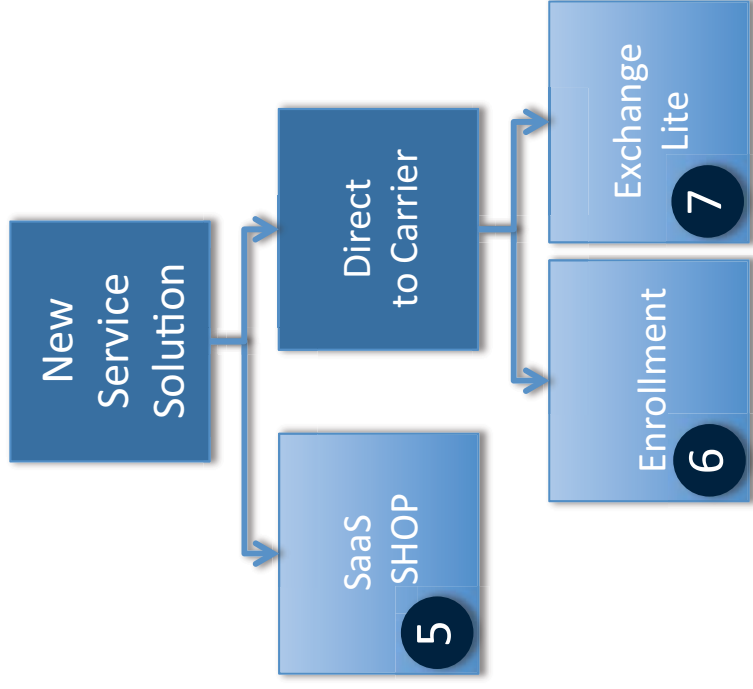
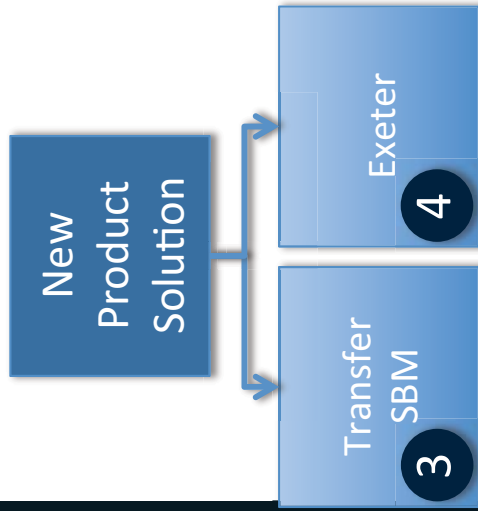
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(have Tina do this slide with more)

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- OHA retains:
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- Utilize cross-agency project team, rely on one system integrator for both entities

Cost Estimate to Transfer Medicaid Eligibility to OHA

(Have Tina do this slide with more depth)

- Key assumptions:
 - Some of Oregon’s current technology can be adapted
 - Costs are eligible for 90%-10% federal match
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POTENTIAL STATE EXCHANGE UTILIZING FEDERAL TECHNOLOGY

(Have Sean do this slide – with an introduction on how it came to be... Oregon initiating....and DC next week

- High-level approach defined
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- Risk: Enrollment, renewal, and change of circumstance functionality are currently available, lowest risk option
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WORKGROUP RECOMMENDATION

The workgroup unanimously concluded that using the federal website technology was the most reliable, least costly option to provide a working website by November 2014.

Implementation Impacts

Other aspects of CO will also need to be addressed based on the IT recommendation. Identify changes in services, if any, and develop plans for:

- How it affects Cover Oregon's
 - Mission
 - Customers
 - Business partners
 - Medicaid
 - Insurance providers-carriers
 - The agents who sell our products
 - Agents
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 - Employees
 - Financial Viability

CO will do its best to minimize any impacts as they come to our attention and we will have more information on these at the May 8th board meeting.

Next Steps

- Retain control of : ongoing work with CMS
- Utilize work to date: review for adaptability
- Customers
- Medicaid
- Insurance providers-carriers:
- ~~The agents who sell our products~~
- Agents
- Community partners
- Employees

Cover Oregon Budget Update

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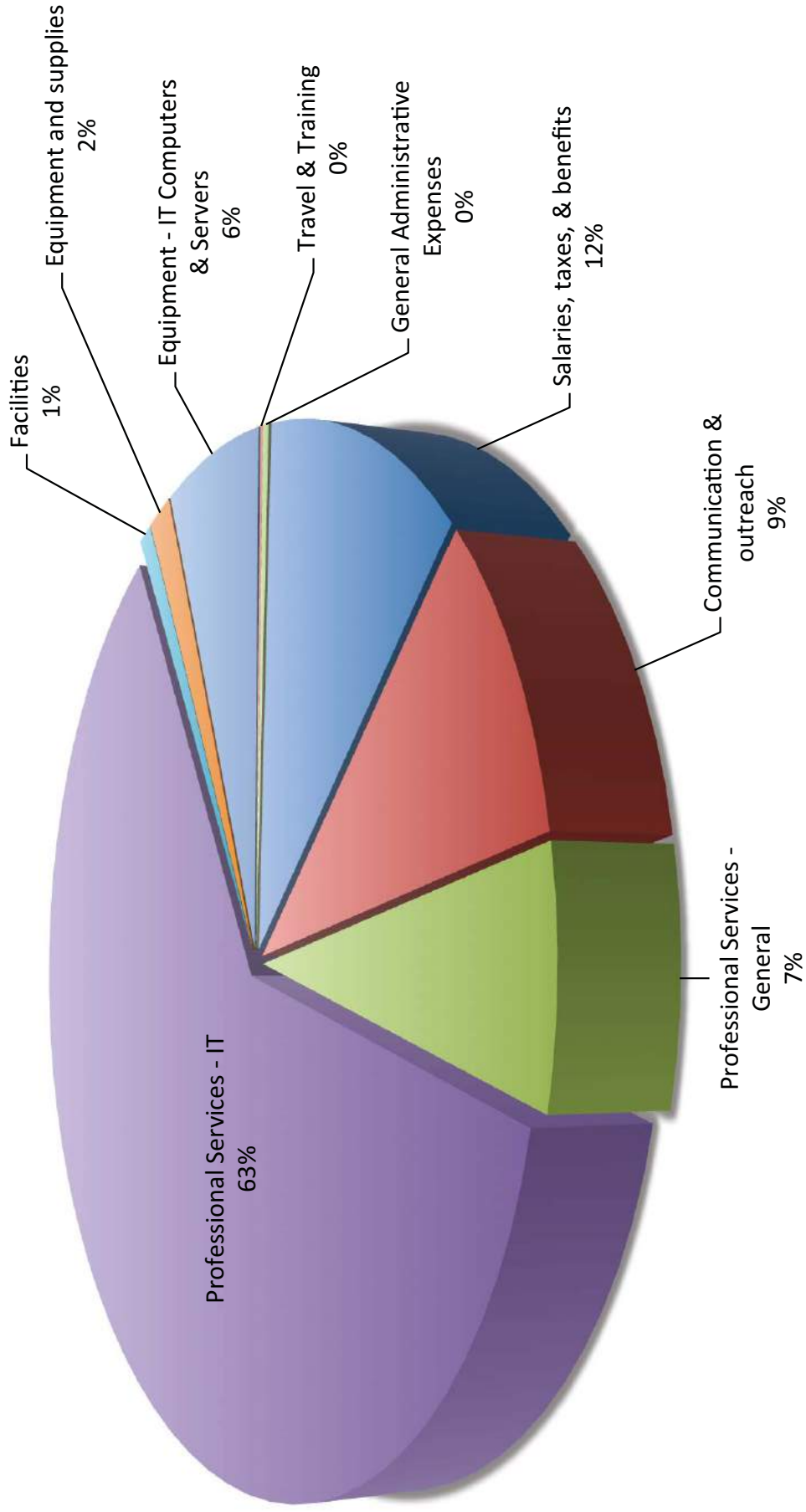
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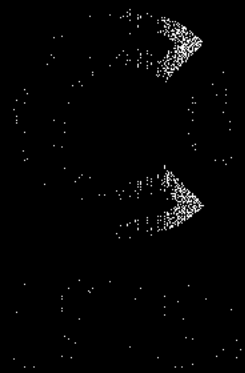
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Conclusion: Based on what we know today we can ~~achieve the transition to FFM~~ ~~the federal technology~~ utilize the federal website technology and meet the obligations to our customers, OHA and partners. ~~within our available resources.~~

SUMMARY

I recommend Cover Oregon adopt the IT Committee's recommendation



Policy Alternative Assessment Preliminary Report

February 10, 2014

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Background

- Oregon selected Oracle Corporation to design, develop and implement its SBM
- In July 2012, Governor sent letter of intent to establish a State Based Marketplace (SBM)
- In July 2012, Oregon decided to cancel the System Integrator (SI) RFP for the SBM and Modernization projects. Oregon decides to be their own SI
- In December 2012, CoverOregon received conditional approval to operate its SBM
- On October 1, 2013, CoverOregon opened for business without a fully functioning website; Information pages are available but Oregonians must apply via paper applications
- Today, the website has been made available to Customer Service Representatives with a planned release to Community Partners later in the week. An assessment of public readiness will be made over the next several weeks

Assessment

Purpose

- CoverOregon is evaluating alternatives to consider relative to their future SBM
- Deloitte was hired to conduct an analysis on the alternatives and provide options

Objectives

- Provide an assessment of the multiple alternatives available to CO to meet their requirements and the healthcare purchasing needs
- Using qualitative and quantitative (where applicable) analysis, evaluate alternatives against set criteria

Options Overview

<p>“Stay the Course” – Assess the alternatives if CO keeps the current technology and/or vendor. For this option, two alternatives were considered:</p> <p style="text-align: center;">Keep the current vendor</p> <p style="text-align: center;">Keep the current technology</p>	<p>“New Role for CO” – Assess other methods that CO could use to facilitate enrollment. For this option, three alternatives were considered:</p> <p style="text-align: center;">Regional Exchange</p> <p style="text-align: center;">Software as a Service (SaaS)</p> <p style="text-align: center;">Direct to Carrier</p>
<p>“New Solution for CO” – Assess replacement solution alternatives for SBM. For this option, two alternatives were considered:</p> <p style="text-align: center;">Transfer SBM</p> <p style="text-align: center;">Use Exeter solution</p>	<p>“Transition to the Federally Facilitated Marketplace (FFM)” – Assess options for transitioning to the FFM. For this option, three alternatives were considered:</p> <p style="text-align: center;">FFM for Individual and SHOP</p> <p style="text-align: center;">FFM Partnership Model</p> <p style="text-align: center;">FFM Hybrid Model</p>

Evaluation Approach

Each alternative includes relevant background information, assumptions and the methodology and rationale for conducting the analysis. Three primary criteria were used to evaluate the alternatives and options:



Timeline – What is the estimated time to implement the alternative from go-forward date to a working solution launch date (specifically with the 2014 open enrollment date in mind)?



Cost – What is the estimated go-forward implementation cost of the alternative?



Technical Feasibility/Cost – What is the technical difficulty/risks of the alternative?

Summary of Analysis

See attached placemat.

Options Analysis Summaries

1.1: Stay the Course, Keep the Technology: Summary of Analysis

The Stay the Course - Keep the Technology approach allows Cover Oregon to continue use of the current technology (with significant remediation and enhancement), but would replace Oracle as vendor of production support and enhancement services. Analysis indicates that this solution will have medium technical risk and would take until November 2015 to implement at a cost of \$22M in 2014 plus 150K hours in 2015. In addition, Oracle would need to participate in transition, enhancement, remediation, and production support through June 2014, which could add up to 100K additional hours.

Time Estimate 21 months	Technical Feasibility Medium Risk	Cost Estimate \$22 Million in 2014 *
<ul style="list-style-type: none"> • In order to have an adequate window to complete Vendor Transition and Release 2 Implementation before the next open enrollment period, transition activities should start immediately • Detailed Vendor Transition Assessment and SOW: 6 weeks (2/24/2014 – 4/4/2014) • Vendor Transition: 12 weeks (4/7/2014 – 6/27/2014) • Release 2 Implementation: 40 weeks (2/10/2014 – 11/14/2014) <ul style="list-style-type: none"> – Design: 8 weeks – Build: 16 weeks – Test: 8 weeks – UAT: 6 weeks – Deployment/Contingency: 2 weeks • Release 3 Implementation: 52 weeks (11/17/2014 – 11/13/2015) • It may be possible to break Releases 2 and 3 into multiple sub-releases 	<ul style="list-style-type: none"> • The current solution is highly complex (consisting of several packaged application technologies that have been extensively customized) • Several enhancements are pending: <ul style="list-style-type: none"> – Change Reporting, Renewals, SHOP – Usability and Data Quality (e.g., User Acct, Mgmt Dashboard, Dental Shopping, Carrier Portal/Interfaces, Sales Force Automation) • It appears that additional project management and testing rigor will be required to stabilize the solution • The backlog contains estimated 1,500 open functional/performance defects • Additional remediation appears necessary to address architecture, design, code quality, data, deployment, and training issues • Compliance with CMS regulations, HIPAA, and PII is difficult to confirm (e.g., due to data quality issues) 	<ul style="list-style-type: none"> • Implementation costs: \$22M for 195K hours in 2014 (additional 150K hours required in 2015) <ul style="list-style-type: none"> – Enhancing the solution: 220K hours <ul style="list-style-type: none"> • Incl. 50K hours to remediate existing architecture, design, code quality, data, deployment, and training issues (primarily to improve long-term supportability/upgradeability/scalability) – Performing more thorough testing: 80K hours – Planning and executing the transition to a new vendor: 40K hours • Maintenance costs: \$3.5M for 30K hours in 2014 <ul style="list-style-type: none"> – Production support in 2015: 70K hours – Above 2014 and 2015 efforts include 40K hours to resolve an assumed 2,000 existing functional/performance defects (1,500 already logged and 500 expected to be identified in the future) – Not included are: <ul style="list-style-type: none"> • Help desk (level 1) support • Infrastructure and product support (Hosting/License budgets not changing)

* The effort/cost figures above are for the **new vendor only** and assume that Oracle will also participate in transition, enhancement, remediation, and production support through June 2014, which could add up to another 100K additional hours.

1.2: Stay the Course, Keep the Vendor: Summary of Analysis

The Stay the Course - Keep the Vendor approach allows Cover Oregon to continue use of the current technology (with significant remediation and enhancement) and would keep Oracle as vendor of production support and enhancement services. Analysis indicates that this solution will have medium technical risk and would take until November 2015 to implement at a cost of \$45M in 2014 plus 150K hours in 2015.

Time Estimate 21 months	Technical Feasibility Medium Risk	Cost Estimate \$45 Million in 2014
<ul style="list-style-type: none"> • Release 2 Implementation: 40 weeks (2/10/2014 – 11/14/2014) <ul style="list-style-type: none"> – Design: 8 weeks – Build: 16 weeks – Test: 8 weeks – UAT: 6 weeks – Deployment/Contingency: 2 weeks • Release 3 Implementation: 52 weeks (11/17/2014 – 11/13/2015) • It may be possible to break Releases 2 and 3 into multiple sub-releases 	<ul style="list-style-type: none"> • The current solution is highly complex (consisting of several packaged application technologies that have been extensively customized) • Several enhancements are pending: <ul style="list-style-type: none"> – Change Reporting, Renewals, SHOP – Usability and Data Quality (e.g., User Acct, Mgmt Dashboard, Dental Shopping, Carrier Portal/Interfaces, Sales Force Automation) • It appears that additional project management and testing rigor will be required to stabilize the solution • The backlog contains estimated 1,500 open functional/performance defects • Additional remediation appears necessary to address architecture, design, code quality, data, deployment, and training issues • Compliance with CMS regulations, HIPAA, and PII is difficult to confirm (e.g., due to data quality issues) 	<ul style="list-style-type: none"> • Implementation costs: \$45M for 215K hours in 2014 (additional 150K hours required in 2015) <ul style="list-style-type: none"> – Enhancing the solution: 285K hours <ul style="list-style-type: none"> • Incl. 50K hours to remediate existing architecture, design, code quality, data, deployment, and training issues (primarily to improve long-term supportability/upgradeability/scalability) – Performing more thorough testing: 80K hours • Maintenance costs: \$12M for 60K hours in 2014 <ul style="list-style-type: none"> – Production support in 2015: 70K hours – Above 2014 and 2015 efforts include 40K hours to resolve an assumed 2,000 existing functional/performance defects (1,500 already logged and 500 expected to be identified in the future) – Not included are: <ul style="list-style-type: none"> • Help desk (level 1) support • Infrastructure and product support (Hosting/License budgets not changing)

2.1: State Based Marketplace (SBM) Transfer Solution: Summary of Analysis

The transfer solution allows CO to import a functioning State Based Marketplace (SBM) from one of the 17 states that were granted approval by CMS to build and operate an SBM. As of October 1st, 2013, five SBMs^{1,2} are demonstrating recognized success in performing required end-to-end functions for shopping and comparison, eligibility, and enrollment into health plans. Using a functioning SBM as a sample, analysis indicates that a transfer solution will have moderate technical risk and is estimated to take 7 – 9 months and \$17 – 20M to implement.

Time Estimate 7 – 9 months	Technical Feasibility Medium Risk	Cost Estimate \$17 – 20 Million
<ul style="list-style-type: none"> • The software development lifecycle (SDLC) time estimates for a transfer solution is estimated as follows: <ul style="list-style-type: none"> – Requirements: 3-6 weeks – Design: 8-12 weeks – Configuration / Development / Unit Testing: 10-14 weeks – Systems Integration Testing: 14-18 weeks – User Acceptance Testing: 16-20 weeks – Deployment: 37 weeks (distributed with multiple releases) • To achieve this timeline it is assumed the transfer solution will meet CO's needs with minimal customizations 	<ul style="list-style-type: none"> • The sample SBM uses Java-based technology which is compatible with CO's infrastructure • Sample SBM's phased implementation approach allows for incremental development with scope management to lower the technical risk • Use of Service-Oriented Architecture (SOA) promotes the ease of collaboration and integration with CO's existing SOA environment • Solution's open architecture makes integration with other systems lower risk • Current standard CMS reports have been developed; custom reporting capabilities exist • The transfer solution is compliant with CMS regulations, HIPAA and PII • A system transfer of a SBM has not been completed for a new SBM 	<ul style="list-style-type: none"> • Go-forward implementation costs will range from \$17M to \$20M, based on the assumed areas of customization • The cost of hardware and software licenses and warranty costs needed to support the SBM transfer solution are not included in this cost estimate • Maintenance costs are not included in this estimate. Maintenance cost is a function of scope and enhancements required to support CO. • A change to the transfer solution's security architecture is not included in this estimate.

¹<http://www.pewstates.org/projects/state/line/headlines/why-some-state-run-health-exchanges-worked-55890525479>
²<http://www.usatoday.com/story/news/nation/2013/12/10/state/line-health-exchange-aca/3951943/>

2.2: Exeter Solution: Summary of Analysis

Based on the available information for this alternative, we could not complete a detailed analysis for timeline, cost, and technical feasibility. Our assessment concludes that implementation time, technical feasibility, costs, and risk associated with this solution is unknown and could not be determined given the dearth of information available.

Time Estimate Unknown	Technical Feasibility Unknown	Cost Estimate Unknown
<ul style="list-style-type: none">• Exeter submitted a proposal to CO indicating a two-week implementation timeline; however there is no evidence of an Exeter product that has been implemented to operationalize an end-to-end SBM• Exeter's OneGate product was a component of the Hawaii and Vermont SBMs, both technology implementation timelines were ~10 months. However, both states have had difficulties with their Exchange implementation• Based upon the limited information, a time estimate could not be developed for this alternative	<ul style="list-style-type: none">• Choosing a solution that has not been successfully installed to meet end-to-end requirements represents a high technical risk• Based on publically available information, Exeter's solution has not been tested in an end-to-end solution presents a high risk for time-consuming implementation defects that will need to be identified and fixed during the testing phase• Exeter indicated its OneGate product is built on an Oracle technology stack and ties Oracle products together into a working Exchange.* Replacing one Oracle-based solution with another is not likely to address the existing CO Oracle-based risk factors and technology issues• It is unclear how the Exeter plan will address existing enrollments nor how the scope of the OneGate solution maps to the capabilities required by a SBM	<ul style="list-style-type: none">• Without more information regarding the Exeter scope and solution proposed to CO, we have no information to estimate that an Exeter solution cost would be any less than the SBM transfer solution cost

*Oracle Healthcare Reform Solutions: Modular, Managed, and MAGi Webcast

3.1: Regional Exchange: Summary of Analysis

Section 1311(f)(1) of the Affordable Care Act provides the option for States to establish Regional Exchanges that operate in more than one State if this operation is permitted by each State and if the Regional Exchange is approved by the Secretary of Health and Human Services. Analysis indicates that a regional Exchange solution is highly unlikely to be a viable option for 2014 open enrollment due to the regulatory requirements involved before the implementation starts. Currently, there is no proven solution of regional Exchange in the marketplace.

Time Estimate 7 – 12 months	Technical Feasibility Medium Risk	Cost Estimate \$17 – 20 Million
<ul style="list-style-type: none"> • The length of time required for this option is driven primarily by CO's ability to obtain the approvals associated with joining a regional Exchange. The critical path will be obtaining legislative authority (1 month) before the requirement phase begins. • The software development lifecycle for a regional HIX solution implementation is estimated to be 9-11 months: <ul style="list-style-type: none"> – Requirement: 6-10 weeks – Design: 12-16 weeks – Configuration / Development / Unit Testing: 14-18 weeks – System Integration Testing: 18-22 weeks – User Acceptance Testing: 16-20 weeks 	<ul style="list-style-type: none"> • There is currently no proven regional Exchange in the marketplace, hence no shared architecture design is available for reference. • CoverOregon would need to accept the technical infrastructure of the regional Exchange • Scalability of the regional Exchange needs to be validated through performance and stress testing to ensure the system can allow both states' customer base. • Governance and manageability can be an issue when critical issues arise. • Tight controls will be enforced to support adherence to a common model/functionality by all participants in the regional Exchange 	<ul style="list-style-type: none"> • Go-forward implementation costs will range from \$17M to \$20M, based on the assumed areas of re-design or customization. • The cost of hardware and software licenses and warranty costs needed to support the regional Exchange solution are not included in this cost estimate • Maintenance costs are not included in this estimate. Maintenance cost is a function of scope and enhancements required to support CO.

<http://www.pewstates.org/projects/stateine/headlines/why-some-state-run-health-exchanges-worked-85899525479>
<http://www.usatoday.com/story/news/nation/2013/12/10/stateine-health-exchange-aca-3951943/>

3.2 a: Software as a Service for Individual and SHOP: Summary of Analysis

CO has the option to contract out the entire Exchange function to a software-as-a-service (SaaS) vendor. Contracting out the entire Exchange function carries a high risk since there is currently no proven successful implementation for a State Exchange.

Time Estimate Unknown	Technical Feasibility High Risk	Cost Estimate ~\$40M
<ul style="list-style-type: none">• There is currently no proven successful implementation of both the individual and SHOP Exchanges using a SaaS vendor as the primary contractor. GetInsured is expected to implement New Mexico's Exchange using SaaS for plan year 2015 with a planned implementation timeline of seventeen months	<ul style="list-style-type: none">• Since there is currently no proven successful implementation of this model, this solution presents a high technical risk for CO• Implementing SaaS for both the individual and SHOP Exchanges can cause technical difficulties in the future when integrating with other systems (e.g., State Eligibility System)	<ul style="list-style-type: none">• GetInsured is expected to implement New Mexico's Exchange using SaaS for plan year 2015 at a cost of \$40M. This is currently the only known contract for a SaaS vendor as the primary contractor for both the Individual and SHOP Exchanges

3.2 b: Software as a Service for SHOP Only: Summary of Analysis

CO has the option to contract out the SHOP functionality to a SaaS vendor. Analysis shows that while contracting out SHOP is not a standalone solution, it likely can be implemented with low technical risk in approximately five to six months, for a minimum cost of \$18M (\$3.6M implementation cost and monthly charges over three years).

Time Estimate 5-6 Months	Technical Feasibility Low Risk	Cost Estimate Minimum of \$18M
<ul style="list-style-type: none"> Based on the case study for Access Health CT (Connecticut's Exchange) SHOP, implementing SHOP Exchange using a SaaS vendor is expected to take approximately five to six months² 	<ul style="list-style-type: none"> Implementing SaaS for the SHOP Exchange functionality presents low technical risk because the software is hosted by the vendor SaaS for the SHOP functionality aligns with CO's strategy for an employee-choice SHOP model The current Access Health CT's SaaS vendor (bswift) has a solution that is already been configured to meet CMS requirements, including dashboards for affordability tests. The solution is also ACA and HIPAA compliant 	<ul style="list-style-type: none"> The cost for SaaS SHOP functionality is a minimum of \$18M, based on the case study of Access Health CT's SHOP functionality¹ This cost is calculated by adding the one-time implementation fee of \$3.6M to the monthly charges for three years, as follows: <ul style="list-style-type: none"> Year 1 = \$460,000 per month Year 2 = \$380,000 per month or PMPM rates (whichever is greater) Year 3 = \$350,000 per month or PMPM rates (whichever is greater) PMPM rates <ul style="list-style-type: none"> <20,000 users, \$28.80 / month >20,000 users, \$23.25 / month The cost for the SaaS SHOP solution will be ~\$18M if there are fewer than 13,195 users in Year 2, and fewer than 12,153 users in Year 3. If the number of users is greater than these amounts, the cost will increase in proportion to the increase in number of users

¹http://www.ct.gov/hw/lib/hw/HealthPass_Contract.pdf

²<http://www.bswift.com/?public/press-release/access-health-ct-selects-healthpass-bswift-solution-to-provide-small-busines>

³<http://www.bswift.com/?public/software-and-services-software#comply>

3.3 a: Direct-to-Carrier Enrollment Capability: Summary of Analysis

The direct-to-carrier (DTC) model allows CO to provide an additional enrollment channel through insurance carriers; however, DTC does not reduce the need for closing existing functionality gaps in the CO existing solution. This capability provides CO a potential reduction in certain enrollment transactions and reduction in transaction time. In short, the DTC capability is not a replacement of full Exchange functionality, as it still requires CO to build and maintain functionality for end to end Exchange operations.

Time Estimate 8 – 10 months	Technical Feasibility Medium Risk	Cost Estimate \$2-3 Million
<ul style="list-style-type: none"> • The timeline estimate for implementing the DTC capability is based on the Kentucky Exchange, as they are currently the allowing direct enrollment through carriers • Using the DTC capability, the carrier can facilitate eligibility determination for Medicaid and subsidies by navigating the applicant from the carrier’s website to and from the CO website; security and testing needs to successfully install this capability is a strong driver for the time needed to implement • CO’s timeline is dependent on the carriers’ timeline for meeting the CMS authorization requirements (authorization to become an entity allowed to perform enrollment and installing the technology) 	<ul style="list-style-type: none"> • Although there is an expectation that the federal DTC capability will be functioning soon*, it is not yet working successfully. The difficulties with their implementation of DTC might indicate a greater degree of risk for CO to implement. • The security concerns for the DTC capability requires additional security technology. The additional security has been a challenge to meeting high volume transaction processing needs. • This requires a change to each of the carrier sites to support real-time integration with the SBM • Based on the mixed success in successful implementation, this capability was determined to be medium risk 	<ul style="list-style-type: none"> • The CO cost of implementing a DTC technology capability is estimated based on Kentucky DTC implementation costs. • There are 11 carriers offering health coverage through CO and three carriers offering coverage through the Kentucky SBM – only one carrier is offering DTC in KY. If there are more CO carriers choosing to participate in direct enrollment, it is anticipated that the testing cost for CO will be greater. • The cost of this capability will be in addition to the cost for other Exchange functionality through whatever solution is selected (e.g., transfer SBM, SaaS, etc).

* Brett Norman. Politico Pro. 1/24/14. Direct sign-up for Obamacare subsidy enrollees still bumpy.

• http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/ENR_OperationsPolicyandGuidance_5CR_100313.pdf

3.3 b: Direct-to-Carrier Enrollment – Exchange-Lite Solution: Summary of Analysis

The direct-to-carrier (DTC) "Exchange-lite" solution allows CO to utilize carriers for all application, plan selection, enrollment and consumer service activities. This solution would eliminate the need for a CO website and call center, allowing carriers to call a web service for eligibility determination and allow CO to streamline the solution with the Modernization project. Overcoming regulatory barriers would be a key consideration as this model does not currently exist. The solution timeline would be similar to the SaaS option but carry a high technical risk. The cost for this alternative is unknown given the number of variables.

Time Estimate 8 – 10 months	Technical Feasibility High Risk	Cost Estimate Unknown
<ul style="list-style-type: none"> • The DTC "Exchange-lite" model is not currently operational nor is it authorized by CMS (e.g. does not allow for comparing plans across carriers). Therefore, holding discussions with CMS and getting their approval for this alternative will be a critical path activity • CMS would also need to authorize carriers to use the navigator tools that support consumer assistance • This solution timeline is heavily dependent of carriers' timeline for meeting anticipated CMS authorization requirements and installing the technology is a key timeline dependency • The security and testing needs to successfully install this capability is a strong driver for the time needed to implement • The timeline for the technology selected may impact the timeline 	<ul style="list-style-type: none"> • The web service to connect carriers with either CO's or Oregon's State Medicaid eligibility and subsidy determination modules does not currently exist and would need to be developed and tested, including significant system integration and user testing • The solution would be heavily dependent on carriers successful implementation of the web service and their updates to their enrollment solutions to capture the information required for an eligibility determination • Oregon's Medicaid eligibility technology could be adapted for use with this alternative which presents a risk for new development. • There is not an existing SaaS solution for the technology needed. • Assurances of appropriate stress testing of the carrier's capabilities working with the web service would be important to assure they can handle the anticipated peak volumes 	<ul style="list-style-type: none"> • Given the number of variables for this model and no available benchmark, cost could not be derived for this model

4.1: Full Federally Facilitated Marketplace (FFM) Solution: Summary of Analysis

The FFM solution is for CO to transition to the FFM for both the Individual and SHOP Exchanges. There are currently 27 states using the FFM. Analysis indicates that transitioning to the FFM solution will have low technical risk and is estimated to take 5-8 months and \$4-6 million to implement. The largest challenges are closing down CO operations and enabling the technical connectivity with the federal Exchange.

Time Estimate 5-8 months	Technical Feasibility Low Risk	Cost Estimate \$ 4-6 Million
<ul style="list-style-type: none"> • Obtaining the necessary state and federal approvals is estimated to take 7-9 weeks • The software development lifecycle (SDLC) for using the FFM solution implementation is estimated as follows: <ul style="list-style-type: none"> – Requirement: 3-5 weeks – Design: 4-6 weeks – Configuration / Development / Unit Testing: 7-9 weeks – Testing: 3-5 weeks – Deployment: X-X • The amount of time is primarily driven by work required for the file transfers with the FFM 	<ul style="list-style-type: none"> • The file transfer requirements and specifications from CMS' perspective are already defined • Utilizing the FFM presents a low risk for CO's technical infrastructure 	<ul style="list-style-type: none"> • Go-forward implementation costs will range from \$4 million to \$6 million, based on the assumed effort for CoverOregon close out operations, file transfer design, development, and implementation of file transfer as well as minor updates to the existing CO website to re-direct or provide a link for consumers to healthcare.gov

<http://kff.org/health-reform/state-indicator/health-insurance-exchanges/>

4.2: FFM Functional Partnership Solution: Summary of Analysis

The FFM Partnership solution allows CO to continue to manage the plan management and consumer assistance activities – both operationally and technically. Our analysis indicates that the FFM Partnership solution will have the same technical risk, cost and timeline as the full FFM alternative. The largest challenges are closing down a large portion of CO operations and enabling the technical connectivity with the federal Exchange.

Time Estimate 5 - 8 months	Technical Feasibility Low Risk	Cost Estimate \$ 4-6 Million
<ul style="list-style-type: none">• The timeline for the FFM Partnership alternative is the same as for the full FFM alternative because the amount the same work is required of CO for either model	<ul style="list-style-type: none">• The technical feasibility and risk for the FFM Partnership alternative is the same as for the full FFM alternative because, as with the Full FFM alternative, the file transfer requirements and specifications from CMS' perspective are already defined.	<ul style="list-style-type: none">• Based on the assumed effort for CO close out operations file transfer design, development, and implementation of file transfer as well as minor updates to the existing CO website, the costs associated with the FFM Partnership alternative is the same as for the full FFM alternative

4.3: FFM Hybrid Solution: Summary of Analysis

The FFM hybrid solution allows CO to operate the SHOP while using the FFM for individual market functions. Our analysis indicates that an FFM hybrid solution will have low technical risk and is estimated to take 5-8 months and \$18-19 million to implement. The largest challenges are closing down a large portion of CO operations and enabling the technical connectivity with the federal exchange.

Time Estimate 5 - 8 months	Technical Feasibility Low Risk	Cost Estimate \$22-25 Million
<ul style="list-style-type: none"> • The timeline for implementing the individual market component of the FFM Hybrid alternative is the same as for the full and partnership FFM alternatives—5-8 months • The timeline for implementing the SHOP component of the FFM hybrid alternative is the same as implementing SHOP using a SaaS vendor—approximately 5-6 months; however, the SHOP implementation timeline could vary depending on the SaaS vendor selected. ² 	<ul style="list-style-type: none"> • The technical feasibility and risk for the individual market component of the FFM hybrid alternative is the same as for the full and partnership FFM alternatives • The technical feasibility and risk for the SHOP component of the FFM hybrid alternative is the same as SaaS for only the SHOP • Implementing SaaS for only the SHOP functionality presents low technical risk because the software is hosted by the vendor 	<ul style="list-style-type: none"> • Go-forward implementation costs for the individual market component of the FFM hybrid alternative is the same as for the full and partnership FFM alternatives; they will range from \$4-6 million • There are maintenance costs for this effort • The cost SHOP component of the FFM hybrid alternative is the same as the cost for using SaaS for only the SHOP functionality—a minimum of \$18M for up to 13,195 users in Year 2, and fewer than 12,153 users in Year 3. If the number of users is greater than these amounts, the cost will increase in proportion to the increase in number of users

Appendix

Keep the Technology Solution for Cover Oregon

Background & Description

- Cover Oregon has implemented a solution consisting of several packaged application technologies that have been extensively customized
- The current solution is behind schedule in meeting requirements and is not yet considered stable
- Option 1 – Alternative 1 would continue to use the current technology (with significant remediation and enhancement), but would replace Oracle as vendor of production support and enhancement services

Methodology & Rationale

- To assess the long-term fit of this option for Cover Oregon, three criteria were used: time, technical feasibility, and cost
- The preliminary assessment and estimates presented here were based on a 2-week high-level review of the existing solution and its known issues
- Primary inputs were interviews with Cover Oregon and Oracle representatives, since limited documentation exists
- Estimates were primarily based on Deloitte's experience with other complex solutions using Oracle technologies

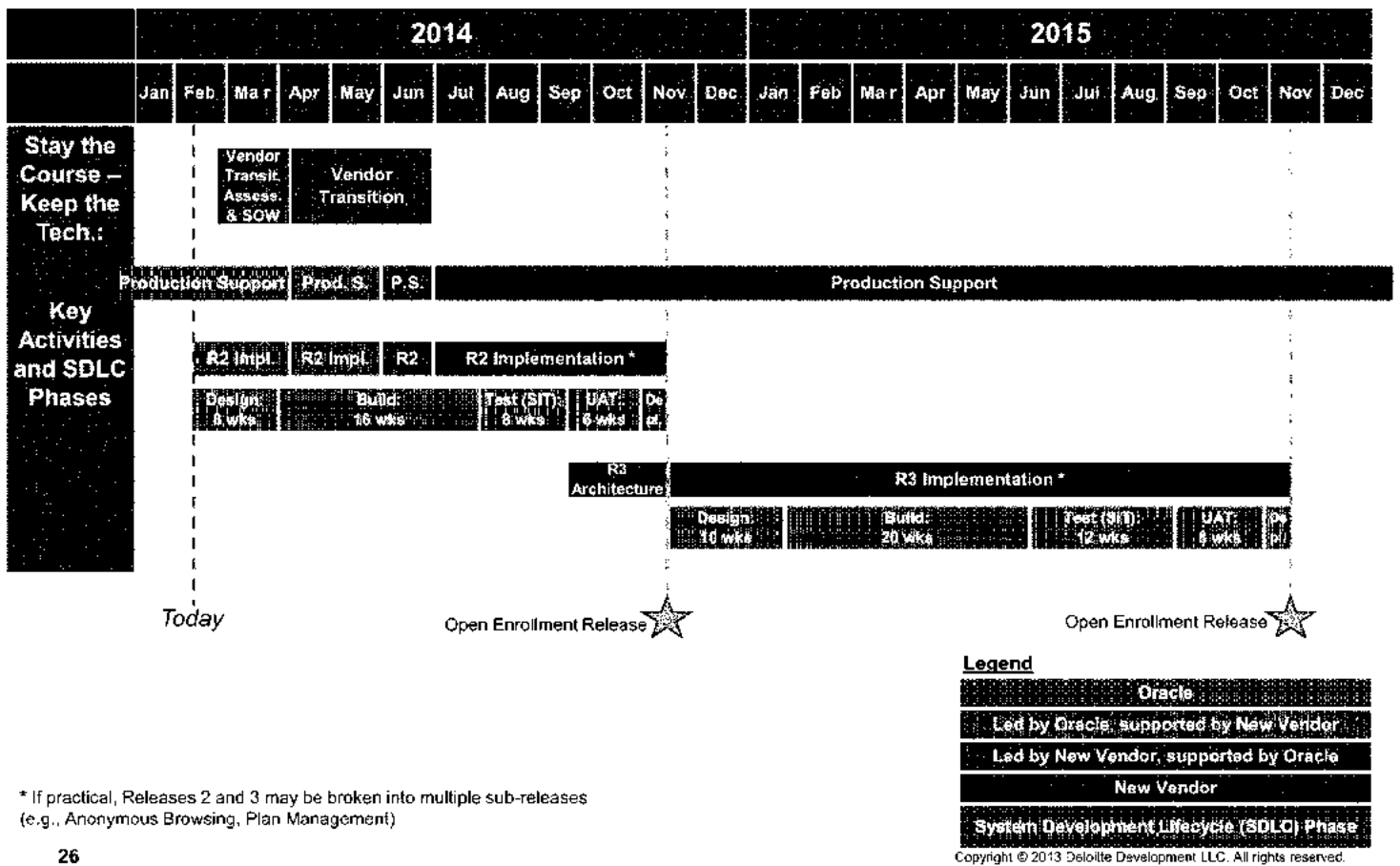
Key Assumptions

- Release 1.1 is in production and Release 2 design is started no later than mid-February
- Cover Oregon is able to decide quickly enough on a new vendor to start transition activities by late February
- Oracle is able to support an aggressive transition timeline (transition to be completed by late June)
- The new vendor will be able to take over several key resources currently managed by Oracle
- Oracle will participate in transition, production support, remediation, and enhancements through June 2014
- The pending enhancements, remediation, and defect fixes will be spread out over 2014 and 2015

Illustrative Timeline for Stay the Course – Keep the Technology Solution

Key Activity	Estimated Timing	Rationale for Estimates
Vendor Transition Assessment and SOW	2/24/2014 – 4/4/2014 (6 Weeks)	This effort results in two key deliverables that are critical for the transition: <ul style="list-style-type: none"> Vendor Transition Assessment: Detailed analysis, estimation, and planning for the efforts required to take over, support, remediate, and enhance the solution Statement of Work (SOW): Contract for the vendor transition
Vendor Transition	4/7/2014 – 6/27/2014 (12 Weeks)	Oracle will transfer their solution knowledge to the new vendor (e.g., via workshops). For the first 6-8 weeks, the new vendor would also "shadow" Oracle resources. Then, in the remaining 4-6 weeks, Oracle resources would support the new vendor (e.g., providing answers/input/advice)
Production Support	Ongoing	Includes application management, operations, and support (e.g., monitoring, maintenance, defect fixes, regression testing, deployments, documentation, ticket management, performance/status reporting). Excludes help desk (tier 1), product issues/maintenance (tier 4), infrastructure/hosting, and enhancement/remediation projects
Release 2 Implementation	2/10/2014 – 11/14/2014 (40 Weeks)	Enhancements, remediations, and defects will be prioritized to fit into the window between the R1.1 completion and the start of the next open enrollment period. This would allow for the following SDLC phases: <ul style="list-style-type: none"> 8 weeks: Design 16 weeks: Build 8 weeks: System/Integration Test (SIT) 6 weeks: UAT 2 weeks: Deployment/Contingency If practical, R2 may be broken into multiple sub-releases.
Release 3 Architecture	9/22/2014 – 11/14/2014 (8 Weeks)	In order to make best use of the available window for the R3 Implementation, high-level design for R3 will start as soon as R2 SIT is complete and key resources can be refocused
Release 3 Implementation	11/17/2014 – 11/13/2015 (52 Weeks)	This release will address key enhancements, remediations, and defects that could not be included in the R2 window. It will start as soon as R2 is complete and will end before the next open enrollment period starts one year later. If practical, R3 may be broken into multiple sub-releases.

Illustrative Timeline for Stay the Course – Keep the Technology Solution



Technical Feasibility/Risk Summary Analysis

There have been 5 criteria defined as appropriate for the Cover Oregon technical feasibility evaluation: Business objective alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility*	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation.		The current solution is behind schedule in meeting requirements and is not yet considered stable. Pending enhancements, defect fixes, and remediations are estimated to take well into 2015
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution.		The solution is highly complex (consisting of several packaged application technologies that have been extensively customized). This impacts ease of implementation for new features, as well as maintainability and manageability
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities.		The solution leverages robust packaged application technologies that offer configurable pre-built capabilities likely to be useful for future extensibility (e.g., sales force automation and analytics). This offers a positive fit long-term, if the current issues/risks are addressed
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities.		The solution complexity and documentation limitations make deployments and support difficult. However, a positive overall fit can be achieved, if the current issues/risks are addressed
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		This proven technology stack has been successfully implemented in many highly regulated environments

* This scoring reflects the "end-state" once the targeted enhancements and remediations have been implemented, as opposed to the current state

Positive Fit/ Low Risk	Medium Fit/ Risk	Negative Fit/ High Risk
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Technical Feasibility/Risk Detail Analysis

Category	Description	Criteria	Keep the Technology*
Business Objectives	A measure of solution's system alignment with key business requirements, market position, stability and market reputation.	Satisfy business and functional requirement	●
		Time to Market	●
		Risks	●
		Strategic Fit	●
		Customer Base (Users)	●
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution.	Cover Oregon Prior Experience	●
		Ease of implementation	●
		Out of box capabilities	●
		Customizable and configurable	●
		Maintainability and Manageability	●
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities.	Ease of Conversion	●
		Security and Access Management	●
		Performance and Quality	●
		Scalability	●
		Aligned with Cover Oregon Strategy	●
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities.	Collaboration/Integration capabilities with other Cover Oregon systems (Ex: SOA)	●
		Extensibility	●
		Technical Risks	●
		System management support (SNMP, TIVOLI..)	●
		Operational procedures	●
Security & Compliance Objectives	A measure of solution's compliance with all Oregon and CMS mandated regulations.	Deployment process and procedures	●
		Training	●
		Disaster recovery plans	●
		Documentation	●
		Ability to integrate with Cover Oregon's security infrastructure	●
		HIPAA & PII compliance	●
		Regulatory compliance	●

* This scoring reflects the "end-state" once the targeted enhancements and remediations have been implemented, as opposed to the current state

● Positive Fit/ Low Risk	● Medium Fit/ Risk	● Negative Fit/ High Risk
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Enhancement/Remediation Effort Analysis

This table summarizes the estimated level of enhancement/remediation effort for the solution to meet Cover Oregon's requirements. Included remediation (50K hours) would address existing architecture, design, code quality, data, deployment, and training issues (primarily to improve long-term supportability/upgradeability/scalability). Sales Force Automation (SFA) is included as a feature, since it appears valuable in helping Cover Oregon become financially self-sufficient. This analysis excludes defect fixes, since they are covered in the production support estimates.

Feature/Area	Level of Effort (Hours)	Key Assumptions / Rationale
SHOP	30K	Small Business Health Options Program (SHOP) capability has been deferred
Financial Management / Premium Payment	10K	Only backend transaction reconciliation no frontend so the scope is limited
State Interfaces	20K	Automated synchronization of enrollment/financial data with carriers and MMIS was previously deprioritized
Rules Engine / Eligibility Determination	40K	OPA solution is currently stable, but complex. Enhancement related to new requirements, such as change reporting and renewals will be effort-intensive.
Plan Management	20K	Current carrier portal is read-only and does not enable carriers to manage data.
Reports	10K	Existing reporting capabilities are limited, and OBIEE cannot be leveraged "vanilla" due to customizations.
Notices	10K	Several types of notices have yet to be implemented.
Shopping Experience / Enrollment	60K	Requires large additions for change reporting and renewals. Dental shopping has usability and data quality issues. User account dashboards require usability improvements. Training materials and delivery has been insufficient to maximize productivity and data quality
Admin Workflow	10K	Enhancement of customized functionality is anticipated to be complex.
Security and Privacy	15K	Identity management solution requires upgrade, since support is scheduled to end in 2015. Customer data quality issues create privacy risks.
Conversion	10K	There are existing data quality issues that may have conversion implications.
Broker / Navigator Portals	20K	Enhancement of custom functionality in WebCenter, e.g., for usability, may be more complex than configuration of Siebel partner portal
Sales Force Automation	30K	Extensive customization of Siebel prevent deployment of "vanilla" capabilities in Siebel and OBIEE.
TOTAL	285K	Input to the sizing of the implementation efforts

Cost Summary Analysis

The table below highlights the estimated costs associated with keeping the technology, but replacing Oracle as vendor of production support and enhancement services. This includes implementation, maintenance, hosting, and license-related costs in calendar year 2014.

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014* (+Oracle thru June +150K Hrs in 2015)	\$3.6M in 2014** (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014**	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

* Estimated implementation efforts include planning and executing the transition to a new vendor (40K hours), as well as enhancing/remediating the solution (220K hours) and performing more thorough testing (80K hours). Not included is Oracle's necessary participation in transition, enhancement, remediation, and production support (maintenance) through June 2014, which could amount to as much as 100K additional hours.

** Required maintenance efforts include capacity to resolve an assumed 2,000 existing functional/performance defects over the course of 2014 and 2015 (1,500 already logged and 500 to be identified in the future). Not included in the costs above are efforts in 2015 and beyond. Maintenance costs above also do not include help desk (level 1), infrastructure, and product support (assumed to be covered within Hosting/License budgets and not changing with this option).

Keep the Vendor Solution for Cover Oregon

Background & Description

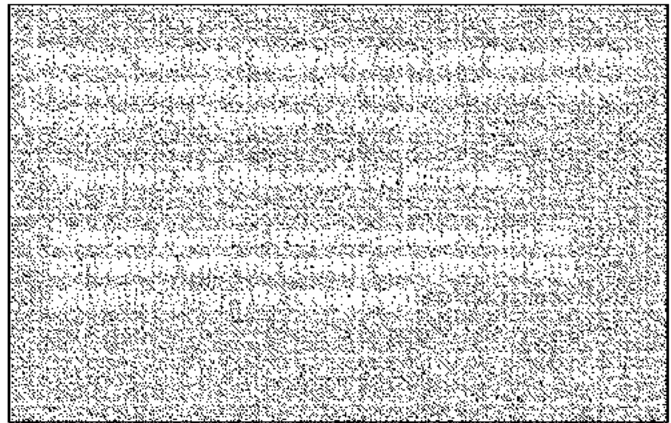
- Cover Oregon has implemented a solution consisting of several packaged application technologies that have been extensively customized
- The current solution is behind schedule in meeting requirements and is not yet considered stable
- Option 1 – Alternative 2 would continue to use the current technology (with significant remediation and enhancement) and would keep Oracle as vendor of production support and enhancement services

Key Assumptions

- Release 1.1 is in production and Release 2 design is started no later than mid-February
- The pending enhancements, defect fixes, and remediation will be spread out over 2014 and 2015

Methodology & Rationale

- To assess the long-term fit of this option for Cover Oregon, three criteria were used: time, technical feasibility, and cost
- The preliminary assessment and estimates presented here were based on a 2-week high-level review of the existing solution and its known issues
- Primary inputs were interviews with Cover Oregon and Oracle representatives, since limited documentation exists
- Estimates were primarily based on Deloitte's experience with other complex solutions using Oracle technologies



Cost Summary Analysis

The table below highlights the estimated costs associated with keeping the technology and keeping Oracle as vendor of production support and enhancement services. This includes implementation, maintenance, hosting, and license-related costs in calendar year 2014.

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014** (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014* (+150K Hrs in 2015)	\$12M in 2014**	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

* Estimated implementation efforts include enhancing/remediating the solution (285K hours) and performing more thorough testing (80K hours) with the current vendor (primarily using on-site resources).

** Required maintenance efforts include capacity to resolve an assumed 2,000 existing functional/performance defects over the course of 2014 and 2015 (1,500 already logged and 500 to be identified in the future). Not included in the costs above are efforts in 2015 and beyond. Maintenance costs above also do not include help desk (level 1), infrastructure, and product support (assumed to be covered within Hosting/License budgets and not changing with this option).

Option 2 | Alternative 1

Detailed Analysis on SBM Transfer Solution

Illustrative Timeline for SBM Transfer Solution

SDLC Phase	Sample SBM Plan	SBM Transfer Plan (Estimates)	Rationale for SBM Estimates
Requirements	8 weeks	3 - 6 weeks	Requirements phase is shorter than sample SBM because the transfer focus is on confirming & clarification of requirements in most areas
Design	16 weeks	8 - 12 weeks	Design phase is shorter than sample SBM because the transfer focus is on confirming design in most areas and creation of design for only those areas that require customization
Configuration/ Development & Unit Testing	24 weeks	10 - 14 weeks	Development phase is shorter than sample SBM because there is a high degree of re-use from transfer SBM solution
System, Performance, & Integration Testing	25 weeks	14 - 18 weeks	As a result of the shorter Development phase, the SIT phase is also shorter
Conversion Testing	6 weeks	5 - 7 weeks	It is an option for Oregon to convert existing solution data. The testing needs are similar
User Acceptance Testing	20 weeks	16 - 20 weeks	While the UAT testing phase can be reduced, the planned release dates for this year is a timeline factor
Training and Deployment	32 weeks	37 weeks	Deployment begins when the carriers' file their plans (May, 2014) and ends when Open Enrollment ends (1/15/2015)

Leveraging a Transfer Solution for CO

Background & Description

- A total of 17 states were granted approval by CMS to build and operate state-based marketplaces
- CO may consider importing a state-based solution from one of the 5 states that have successful operations, i.e. California, Connecticut, Kentucky, Rhode Island and Washington^{1,2}

Methodology & Rationale

- To assess whether transferring an SBM could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost
- The level of customization of the transfer solution is the key driver in determining level of effort estimate and cost of transferring a SBM solution
- The sample SBM used for this assessment was selected because it is currently functional, its code is open-source, it includes functionality of both an individual and SHOP Exchange, and is operational

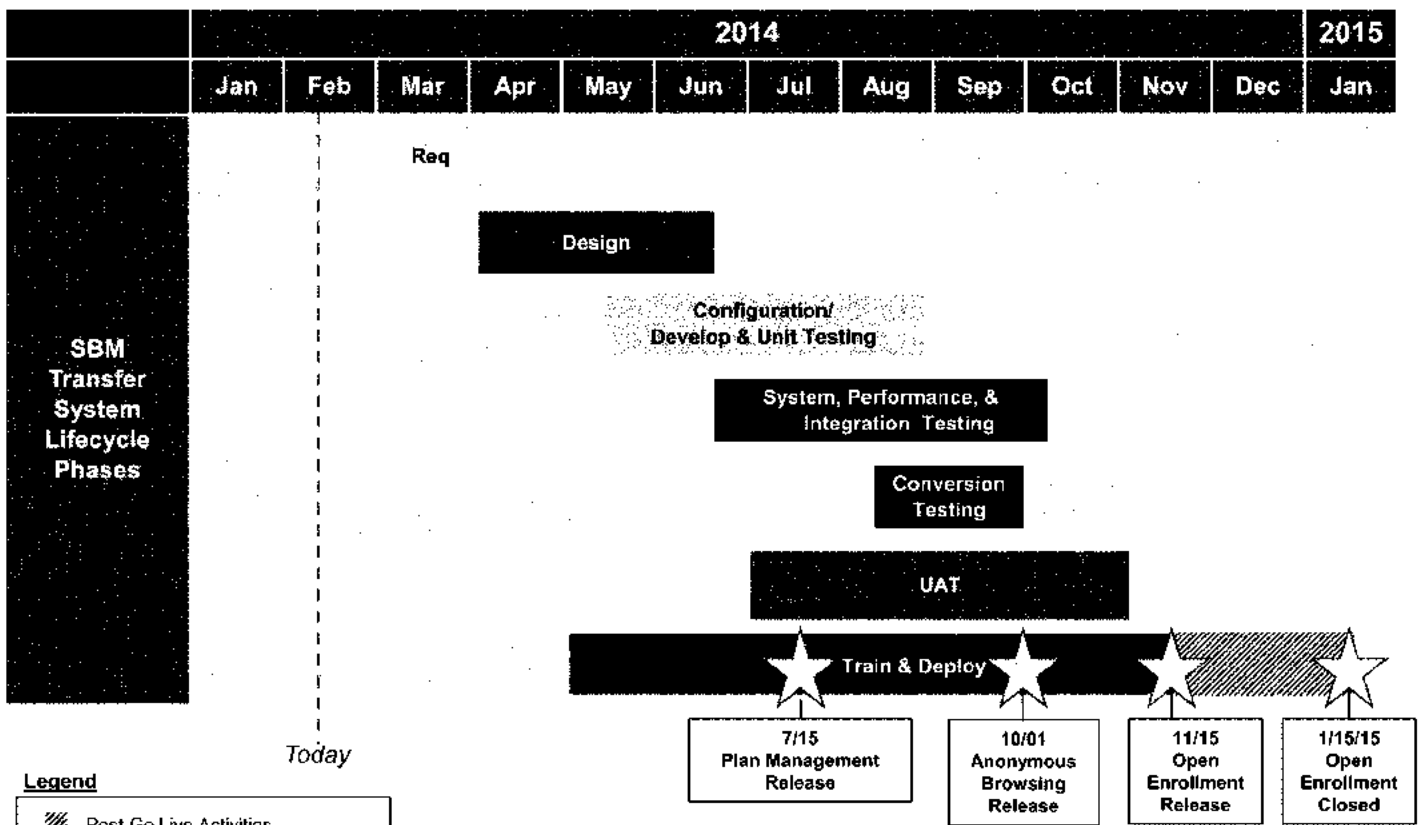
Assumptions

- The timeline and cost for transferring an SBM assumes that CO will accept an already implemented transfer solution and accept the established SBM design and capabilities with a low level of customization (see slide 8)
- This option assumes that CO can obtain the necessary agreements/approvals from the transferring State SBM
- The timeline and cost estimates for transferring an SBM include an optional automated conversion for existing CO customers and applications
- The timeline for transferring an SBM assumes that CO requires the transfer solution be implemented by 11/15/14 (for plan year 2015 open enrollment) and includes deployment activities through the end of the open enrollment period assumed to be 1/15/15
- This option assumes that CO utilizes the Federal Hub as the primary means of verification
- The cost for transferring an SBM assumes that CO will obtain necessary funding
- The cost for transferring an SBM assumes no warranty and infrastructure costs

¹<http://www.pewstates.org/projects/stateine/headlines/why-some-state-run-health-exchanges-worked-85899525479>

²<http://www.usatoday.com/story/news/nation/2013/12/10/stateine-health-exchange-aca-3951943/>

Illustrative Timeline for SBM Transfer Solution











Legend

- ▨ Post-Go Live Activities
- ★ Key Milestone Date

Technical Feasibility Summary Analysis

5 criteria have been defined as appropriate for the CO technical feasibility evaluation: business objective alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation		Solution is a good strategic fit, satisfies business and functional requirements
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution.		Solution is customizable and configurable. Selected transfer solution will have been proven as a successful operation.
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities		Solution is scalable, extensible, aligns with CO's architecture strategy, and presents a low technical risk
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities		Solution includes operational procedures, training, disaster recovery plans, and documentation
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		Solution is compliant with regulations, HIPAA & PII, and can integrate with Oregon's security structure

 Positive Fit/ Low Risk	 Medium Fit/ Risk	 Negative Fit/ High Risk
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Technical Feasibility/Risk Options Analysis

Category	Description	Criteria	Transfer SBM
Business Objectives	A measure of solution's system alignment with key business requirements, market position, stability and market reputation	Satisfy business and functional requirement	●
		Time to Market	●
		Risks	●
		Strategic Fit	●
		Customer Base (Users)	●
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution	CO Prior Experience	●
		Ease of implementation	●
		Out of box capabilities	●
		Customizable and configurable	●
		Maintainability and Manageability	●
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities	Ease of Conversion	●
		Security and Access Management	●
		Performance and Quality	●
		Scalability	●
		Aligned with CO Strategy	●
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities	Collaboration/Integration capabilities with other CO systems (Ex: SOA)	●
		Extensibility	●
		Technical Risks	●
		System management support (SNMP, TIVOLI...)	●
		Operational procedures	●
Security & Compliance Objectives	A measure of solution's compliance with all Oregon and CMS mandated regulations	Deployment process and procedures	●
		Training	●
		Disaster recovery plans	●
		Documentation	●
		Ability to integrate with CO's security infrastructure	●
		HIPAA & PII compliance	●
		Regulatory compliance	●

● Positive Fit/ Low Risk	● Medium Fit/ Risk	● Negative Fit/ High Risk
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Level of Customization Analysis

This table shows the estimated level of customization for each feature of the HIX solution, and our rationale behind each of the customization levels. Higher levels of customization increase the associated level of effort and cost. If CO accepts a different level of customization in a particular area, level of effort and cost would need to be adjusted.

Feature/Area	Level of Customization (%)	Degree of Customization	Assumptions / Rationale
SHOP	10-40%	Low	Using transfer SBM's full-choice SHOP requires little custom development
Financial Management / Premium Payment	10-40%	Low	Assuming Oregon uses the same vendor and bank as the transfer SBM, this area will require little custom development
State Interfaces	70-100%	High	Each state's interfaces are different (maximum is assumed to be <8)
Rules Engine / Eligibility Determination	10-40%	Low	Transfer SBM uses Oracle Policy Automation (OPA) as Rules Engine. OR already uses OPA and has state rules already coded. MAGI and HIX rules will be the same.
Plan Management	10-40%	Low	Transfer SBM uses SERFF template. Using transfer SBM's plan management requires little custom development
Reports	40-70%	Medium	Standard CMS reports are the same, OR will have custom state reports (maximum is assumed to be <21)
Notices	70-100%	High	Notices are state-specific (maximum is assumed to be <21)
Shopping Experience / Enrollment	0-10%	N/A	Using transfer SBM's shopping experience design will require little to no additional development hours
Admin Workflow	0-10%	N/A	Using transfer SBM's administrative workflow design assumes little to no additional development hours
Security and Privacy	40-70%	Medium	There are State-specific requirements for security and privacy in addition to the common CMS requirements
Conversion	70-100%	High	Data mapping is the largest conversion component
Broker / Navigator Portals	0-10%	N/A	Using transfer SBM's portal design assumes little to no additional development hours

Cost Summary Analysis

The table below shows the associated costs with implementing a transfer SBM solution. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

Option 2 | Alternative 2

Detailed Analysis on Using Exeter's
Technology

Leveraging an Exeter solution for CO

Background & Description

- CO received a proposal from Exeter stating that they could implement an end-to-end Exchange in two weeks
- Exeter Group Inc., is the Boston-based software company that has stated it has already built an Exchange that can plug into the existing technology Oregon is using*
 - Exeter designed the web-based UI consumer part of the Vermont and Hawaii SBMs. Both SBMs continue to have technical challenges*
- Exeter's product is called OneGate
- Vermont:
 - As sub-contractor to CGI, Exeter delivered the front-end user experience software for Vermont's Exchange. Vermont's cost for the tailored installation of Exeter's OneGate product was a portion of the \$36M CGI contract with Vermont for 2012-2014*
- Hawaii:
 - In a March, 2013 Oracle sponsored webinar, Exeter demonstrated their Hawaii HIX client portal and case management solution leveraging Exeter's OneGate accelerator pack powered by Oracle.
- There is no known installed Exeter end-to-end HIX solution operating today

Assumptions

- Exeter's installed HIX solution products are no more robust than their installed products for the Hawaii and Vermont SBMs
- Exeter's proposed product to CO is the OneGate product installed in Vermont and Hawaii

Methodology & Rationale

- To assess whether using the Exeter solution could be feasible for CO, three criteria were used: time, technical feasibility/risk, and cost
- The Exeter proposal and demonstration were requested but not available for this evaluation
- Analysis using the limited publically available information for Exeter Group is the primary input for the results.

* <http://truenorthreports.com/subcontractor-gives-preview-of-it-infrastructure-for-health-benefit-exchange#sthash.MvgDE0Jn.dpuf>

* <http://vidgnet.org/2012/12/14/vermont-contracts-with-canadian-tech-firm-to-build-health-insurance-exchange/>

* http://dnews.com/news/api/article_6187f3b8-7117-5202-ab36-699a42d562a3.html

43. <http://www.cosnews.com/news/hawaii-health-insurance-exchange-is-no-paradise>

Cost Summary Analysis

The table below shows the associated costs with implementing Exeter's solution. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

Option 3 | Alternative 1

Detailed Analysis on Entering a Regional Exchange

Entering into a Regional Exchange

Background & Description

- The Affordable Care Act provides the option for states to establish regional Exchanges that operate in more than one state if this operation is permitted by each state and if the regional Exchange is approved by the Secretary of Health and Human Services (HHS)
- Currently, there are no functioning regional Exchanges
- The options that are under consideration for CO to enter into a regional Exchange are below:
 - One of the five state with functioning state-based marketplace (SBM) as of 10/1/13 (e.g. California, Connecticut, Kentucky, Rhode Island, and Washington)
 - A state that is transitioning from Federally-Facilitated Marketplace (FFM) to an SBM
- New Mexico and Idaho are the only two states that announced transition from FFM to SBM for plan year 2015
- Current Oregon state law only allows for the establishment of a SBM. Therefore, state law must be modified to allow for entrance into a regional Exchange
- A regional Exchange can be implemented with either a multi-tenancy or a virtualized model. Since a multi-tenancy solution does not currently exist on the market and will take at least six months to develop, this option is not viable for plan year 2015

Federal Requirements

- If the State is establishing a regional Exchange, the following materials need to be provided by 6/1/14 (deadline for Oregon to submit blueprint to CMS):
 - Memorandum of Understanding (MOU) among all States participating in the Exchange related to the utilization of grant funding
 - Agreement between the Regional Exchange and State Medicaid agencies related to eligibility coordination
 - Memorandum of Understanding with any participating State's department of insurance and the regional Exchange involving matters related to health insurance issuers' solvency, licensure, and benefits
 - Procedures to ensure that to the maximum extent possible the operation of the Regional Exchange is seamless to the consumer
 - The process and period for transition in the event that a State elects to withdraw from participation in the regional Exchange
- An MOU should designate authority, establish contracting process, agree on standards and conditions, and include quality management agreements

¹<http://www.pewstates.org/projects/stateline/headlines/why-some-state-run-health-exchanges-worked-858995284?9>

²<http://www.usatoday.com/story/news/nation/2013/12/19/stateline-health-exchange-aca-3951043/>

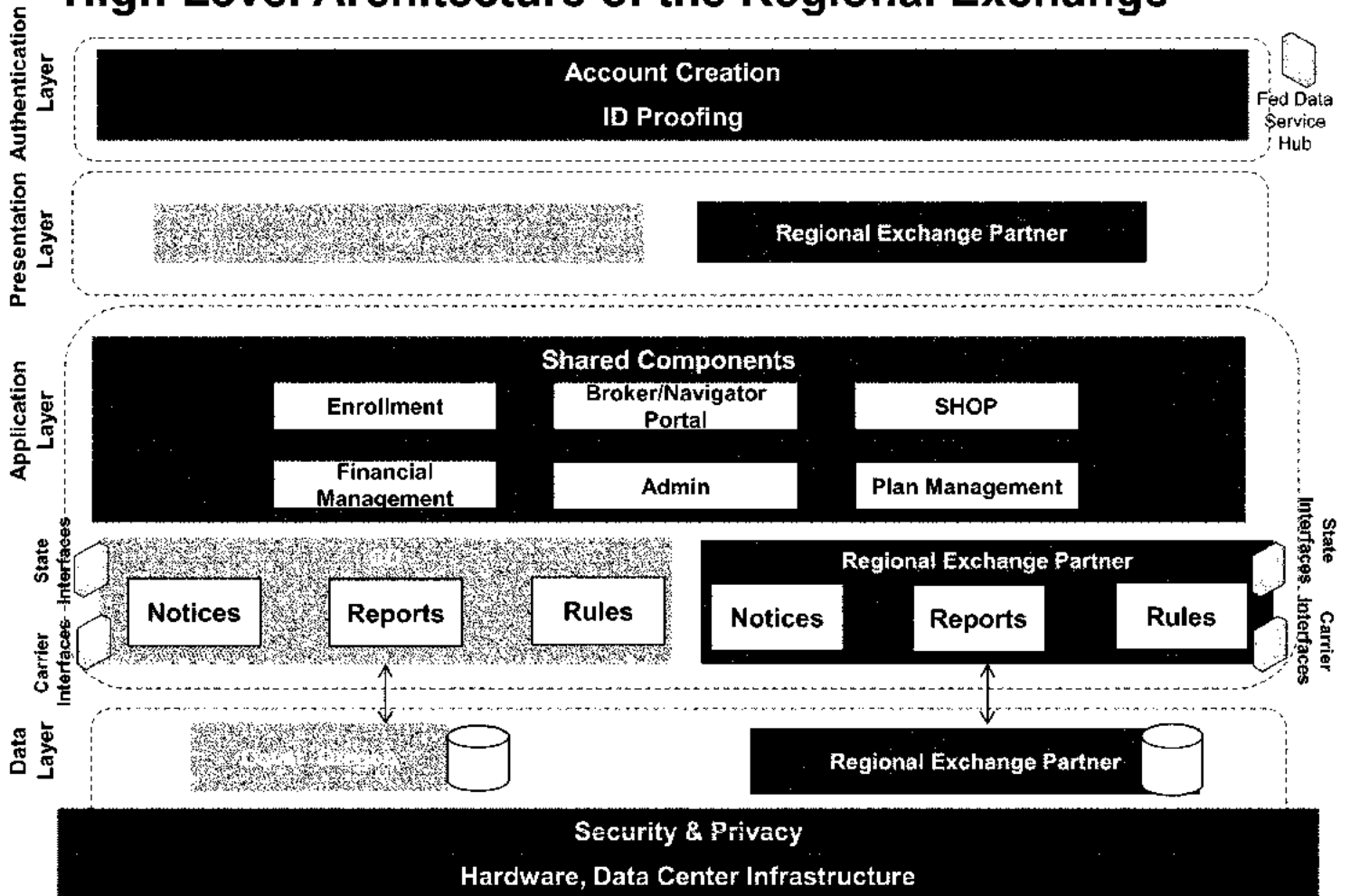
46 January 2013, Idaho and New Mexico both received CMS approval for operating a SBM.

Entering into a Regional Exchange – cont'd

Methodology & Rationale	Assumptions
<ul style="list-style-type: none"> • To assess whether joining a regional Exchange could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost • The level of customization / differentiation of CO's portion of regional Exchange is the key driver in determining the level of effort associated with the alternative • The analysis focuses on the option of entering into a regional Exchange with a functioning SBM due to a higher incentive to join a functioning SBM than to start from scratch with another FFM state(s) • The sample SBM used for this assessment was selected because its code is open-source, it includes functionality of both an individual and SHOP Exchange, and is operational 	<ul style="list-style-type: none"> • The timeline for joining a regional Exchange assumes that CO requires the regional Exchange be implemented by 11/15/14 (for plan year 2015 open enrollment) and includes deployment activities through the end of the open enrollment period assumed to be 1/15/15 • This analysis assumes that CO could successfully obtain the necessary statutory authority to enter into a regional Exchange • This option assumes that CO can obtain the necessary Memorandums of Understanding (MOU) among the regional Exchange and relevant state agencies • The analysis calculates only those costs associated with the technology and assumes no additional costs for administrative tasks associated with regulatory changes, such as the resources for drafting the bill and blueprint • The analysis assumes regional partner(s) do not impose a surcharge for implementation • This option assumes that the regional Exchange utilizes the Federal Hub as the primary means of verification • The cost for joining a regional Exchange assumes that CO will obtain necessary funding • The cost and timeline in the following slides are for a regional Exchange with a virtualized model

*We will be adding links to the public sources that cited successful states.

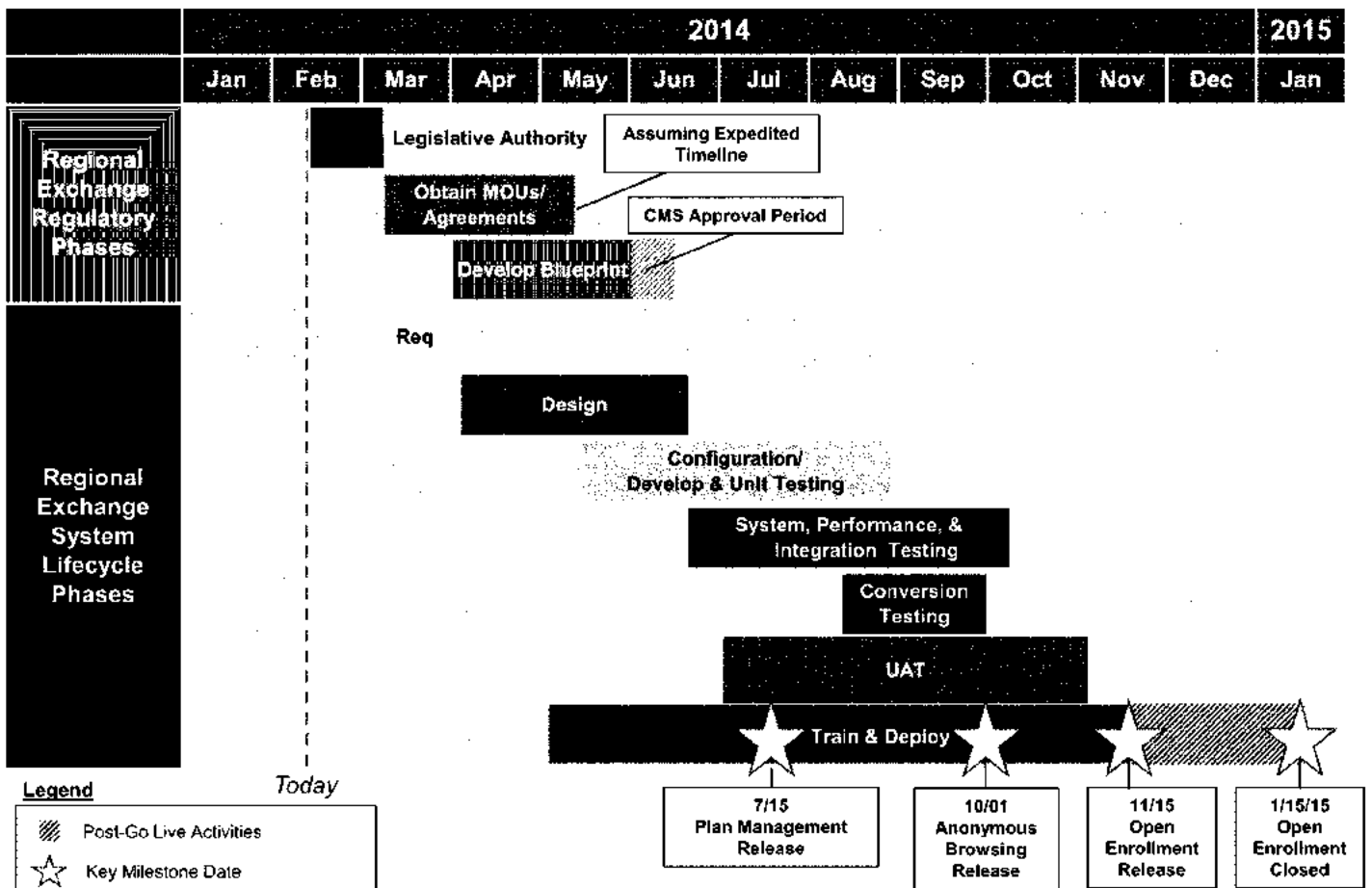
High-Level Architecture of the Regional Exchange



A) Entering into a Regional Exchange with a state with functioning SBM

	Phase	Sample SBM Plan	Alternative Estimate	Rationale for SBM estimates
Regulatory	Obtain Statutory Authority	N/A	4 weeks	The 2014 legislative session concludes on 3/9/14
	Obtaining MOUs / agreement	N/A	7-9 weeks	An interstate Memorandum of Understanding takes at least 90 days to be signed. Assuming an expedited timeline, an MOU can take 7-9 weeks
	Developing a "Single Blueprint"	N/A	8-12 weeks	It takes 6-10 weeks to develop and submit the blueprint to CMS as the architecture of the regional Exchange (particularly the shared infrastructure) needs to be designed. Transition blueprint submissions are due 6/01/2014; CMS indicates blueprints will be approved by 6/15/2014
Software Development Life Cycle	Requirements	8 weeks	3 - 6 weeks	Requirements phase is shorter than sample SBM because the transfer focus is on confirming & clarification of requirements in most areas
	Design	16 weeks	8 - 12 weeks	Design phase is shorter than sample SBM because the transfer focus is on confirming design in most areas and creation of design for only those areas that require customization
	Configuration/ Development & Unit Testing	24 weeks	10 - 14 weeks	Development phase is shorter than sample SBM because there is a high degree of re-use from transfer SBM solution
	System, Performance, & Integration Testing	25 weeks	14 - 18 weeks	As a result of the shorter Development phase, the SIT phase is also shorter
	Conversion Testing	6 weeks	5 - 7 weeks	It is an option for Oregon to convert existing solution data. The testing needs are similar
	User Acceptance Testing	20 weeks	16 - 20 weeks	While the UAT testing phase can be reduced, the planned release dates for this year is a timeline factor
	Training and Deployment	32 weeks	37 weeks	Deployment begins when the carriers' file their plans (May, 2014) and ends when Open Enrollment ends (1/15/2015)

A) Illustrative Timeline for Entering into a Regional Exchange with a Functioning SBM



B) Entering into a Regional Exchange with a Transitioning State

	Phase	Sample SBM Plan	Alternative Estimate	Rationale for SBM estimates
Regulatory	Obtain Statutory Authority	N/A	4 weeks	The 2014 legislative session concludes on 3/9/14
	Obtaining MOUs / agreement	N/A	7-9 weeks	An interstate Memorandum of Understanding takes at least 90 days to be signed. Assuming an expedited timeline, an MOU can take 7-9 weeks
	Developing a "Single Blueprint"	N/A	8-12 weeks	It takes 6-10 weeks to develop and submit the blueprint to CMS as the architecture of the regional Exchange (particularly the shared infrastructure) needs to be designed. Transition blueprint submissions are due 6/01/2014; CMS indicates blueprints will be approved by 6/15/2014.
Software Development Life Cycle	Requirements	8 weeks	8 - 10 weeks	<p>The implementation timeline of entering into a regional Exchange with a transitioning state will not be shorter than that of the sample SBM plan, which has the shortest implementation time compared to the other 4 functioning Exchanges as of 10/1/13.</p> <p>This rules out the possibility of entering into a regional Exchange with a transitioning state (New Mexico and Idaho) if Oregon would like to have open enrollment on 11/15/2014.</p>
	Design	16 weeks	16 - 20 weeks	
	Configuration/ Development & Unit Testing	24 weeks	24 – 28 weeks	
	System, Performance, & Integration Testing	25 weeks	25 – 29 weeks	
	Conversion Testing	6 weeks	6 – 8 weeks	
	User Acceptance Testing	20 weeks	20 – 24 weeks	
	Training and Deployment	32 weeks	32 - 36 weeks	

Technical Feasibility Summary Analysis

5 criteria have been defined as appropriate for the CO technical feasibility evaluation: business objective alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation		Solution presents risks in time to market as there is no regional Exchange in the marketplace now
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution		Solution may be customizable and configurable, but shared components will need to be mutually agreed upon by the participating states in the regional Exchange. In addition, security and access management presents potential risk due to lack of precedence
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities		With two partner states in the regional Exchange, scalability becomes a focused risk area, and requires performance and stress tests
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities		Solution includes operational procedures, training, disaster recovery plans, and documentation
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		Solution is compliant with regulations, HIPAA & PII, and can integrate with Oregon's security structure

	Positive Fit/ Low Risk		Medium Fit/ Risk		Negative Fit/ High Risk
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Technical Feasibility/Risk Options Analysis

Category	Description	Criteria	Regional HIX
Business Objectives	A measure of solution's system alignment with key business requirements, market position, stability and market reputation	Satisfy business and functional requirement	●
		Time to Market	●
		Risks	●
		Strategic Fit	●
		Customer Base (Users)	●
		CO Prior Experience	●
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution	Ease of implementation	●
		Out of box capabilities	●
		Customizable and configurable	●
		Maintainability and Manageability	●
		Ease of Conversion	●
		Security and Access Management	●
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities	Performance and Quality	●
		Scalability	●
		Aligned with CO Strategy	●
		Collaboration/Integration capabilities with other CO systems (Ex: SOA)	●
		Extensibility	●
		Technical Risks	●
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities	System management support (SNMP, TIVOLI...)	●
		Operational procedures	●
		Deployment process and procedures	●
		Training	●
		Disaster recovery plans	●
		Documentation	●
Security & Compliance Objectives	A measure of solution's compliance with all Oregon and CMS mandated regulations	Ability to integrate with CO's security infrastructure	N/A
		HIPAA & PII compliance	●
		Regulatory compliance	●

● Positive Fit/ Low Risk	● Medium Fit/ Risk	● Negative Fit/ High Risk
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Level of Customization Analysis

This table shows the estimated level of customization for each feature of the HIX solution, and our rationale behind each of the customization levels. Higher levels of customization increase the associated level of effort and cost. If CO accepts a different level of customization in a particular area, level of effort and cost would need to be adjusted.

Feature/Area	Level of Customization (%)	Degree of Customization	Assumptions / Rationale
SHOP	10-40%	Low	Using the partner SBM's full-choice SHOP requires little custom development
Financial Management / Premium Payment	10-40%	Low	Assuming Oregon uses the same vendor and bank as the partner SBM, this area will require little custom development
State and Carrier Interfaces	70-100%	High	Each state's interfaces are different (maximum is assumed to be <8)
Rules Engine / Eligibility Determination	10-40%	Low	Partner SBM uses Oracle Policy Automation (OPA) as Rules Engine. MAGI and HIX rules are the same, OR will have custom state rules
Plan Management	10-40%	Low	Partner SBM uses SERFF template. Using transfer SBM's plan management requires little custom development
Reports	40-70%	Medium	Standard CMS reports are the same, OR will have custom state reports (maximum is assumed to be <21)
Notices	70-100%	High	Notices are state-specific (maximum is assumed to be <21)
Shopping Experience / Enrollment	0-10%	N/A	Using partner SBM's shopping experience design will require no additional development hours
Admin Workflow	0-10%	N/A	Using partner SBM's administrative workflow design assumes little to no additional development hours
Security and Privacy	40-70%	Medium	There are State-specific requirements for security and privacy in addition to the common CMS requirements
Conversion	70-100%	High	Data mapping is the largest conversion component
Broker / Navigator Portals	0-10%	N/A	Using partner SBM's portal design assumes little to no additional development hours
Batches	10-40%	Medium	TBD

Cost Summary Analysis

The table below shows the associated costs with entering into a Regional Exchange. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

Option 3 | Alternative 2

Detailed Analysis on Using Software-as-a-Service

Leveraging Software as a Service for CO

Background & Description

- CO is considering using software-as-a-service (SaaS) for either the individual and SHOP Exchange functions, or for the SHOP Exchange only
- The key differences between the operating models of SaaS and a traditional State-based Marketplace (SBM) solution are:
 - SaaS vendor is responsible for hosting and maintaining the solution, instead of the State
 - The technology is owned by the SaaS vendor.
- We considered two SaaS vendors currently operating in the marketplace: GetInsured and bswift, who have a SaaS offering for either individual and SHOP functions or SHOP alone
 - New Mexico contracted with GetInsured to implement a SaaS solution for the individual and SHOP Exchange functions for plan year 2014; however, currently only the SHOP is operating under the SaaS model and the individual Exchange functionality remains with the FFM
 - Connecticut hired bswift to implement a SaaS solution for only the SHOP Exchange for plan year 2014. SHOP successfully went live on 10/1/13

Methodology & Rationale

- We assessed whether SaaS could be used for both the individual and SHOP Exchanges, or for the SHOP Exchange only
- To assess whether SaaS for both individual and SHOP Exchanges or for SHOP only could be feasible solutions for CO, three criteria were used: time, technical feasibility, and cost
- BeWellNM (New Mexico's HIX) was used as a case study to assess SaaS for the entire Exchange function, and Access Health CT's SHOP function was used as a case study to assess SaaS for SHOP only

Assumptions

- Potential vendors must demonstrate the capabilities of a successful HIX/SHOP implementation as the primary contractor in order to be considered
- Companies that successfully implemented a full HIX solution currently do not offer an equivalent SaaS solution

Options Analysis for Contracting to SaaS Vendor

Below is a comparative analysis between contracting out both the individual and SHOP functionalities or only the SHOP functionality to a SaaS vendor.

	SaaS for both Individual and SHOP Exchange	SaaS for SHOP Exchange only
Sample State	• New Mexico – BeWellINM	• Connecticut – Access Health CT
Time	• Up to 17 months	• Less than 5 months
Cost*	<ul style="list-style-type: none"> • ~\$40M over the course of 5 years • This includes the following costs: <ul style="list-style-type: none"> • Software platform and ongoing maintenance costs of \$24.5 for the first 2 years, and \$6.5M for the next 3 years • Hosting costs of \$4M over 5 years • Ancilliary costs of \$5M over 5 years • Not including costs of additional customization requested by CO 	<ul style="list-style-type: none"> • ~\$18M over the course of 3 years • This includes a one-time implementation fee of \$3.6M and maintenance fees as below: <ul style="list-style-type: none"> ○ Year 1 = \$460,000 per month ○ Year 2 = \$380,000 per month or PMPM rate (whichever is greater) ○ Year 3 = \$350,000 per month or PMPM rate (whichever is greater) • PMPM rate: <ul style="list-style-type: none"> ○ <20,000 users, \$28.80 / month ○ >20,000 users, \$23.25 / month
Technical Feasibility	<ul style="list-style-type: none"> • Medium to high risk • May be difficult to integrate with other systems in the future (e.g. Integrated Eligibility) 	<ul style="list-style-type: none"> • Low risk • Proven success in Connecticut • No integration between Individual and SHOP Exchange

While contracting out SHOP to a third-party administrator is not a standalone solution, it is less risky for CO to consider than contracting out both the individual and SHOP functionalities.

*Oregon is likely to have a higher cost for either option since the population of Oregon is larger than that of both New Mexico and Connecticut

A: Technical Feasibility Analysis for SaaS (Individual & SHOP)

Five criteria have been defined as appropriate for the CO technical feasibility evaluation: business objectives alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation		There is no proven implementation of the solution, and time to market is currently unknown
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution		Solution is configurable but not customizable. Ease of conversion is unknown and presents high risk
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities		Solution can present risks in the future when integrating with other CO systems. However, flexibility and adaptability will be a challenge when using SaaS versus if CO owns the solution
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities		Solution includes operational procedures, training, disaster recovery plans, and documentation
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		Solution is compliant with regulations, HIPAA & PII, and can integrate with Oregon's security structure

	Positive Fit/ Low Risk		Medium Fit/ Risk		Negative Fit/ High Risk
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B: Technical Feasibility Analysis for SaaS (SHOP only)

Five criteria have been defined as appropriate for the CO technical feasibility evaluation: business objective alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation		Solution satisfies business and functional requirements. Adaptability will be a challenge when using SaaS, thus increasing risk for the strategic fit with CO
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution		Solution is configurable. SaaS SHOP solution has been proven to be successful in CT's SHOP Exchange
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities		Solution is scalable, extensible, aligns with CO's architecture strategy, and presents a low technical risk. There are a fewer number of integration requirements for only the SHOP Exchange. Flexibility and adaptability will be a challenge when using SaaS
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities		Vendor will provide operational procedures, training, disaster recovery plans, and documentation
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		Solution is compliant with regulations, HIPAA & PII, and can integrate with Oregon's security structure

	Positive Fit/ Low Risk		Medium Fit/ Risk		Negative Fit/ High Risk
--	---------------------------	--	---------------------	--	----------------------------

Technical Feasibility/Risk Options Analysis

Category	Description	Criteria	Individual & SHOP	SHOP Only
Business Objectives	A measure of solution's system alignment with key business requirements, market position, stability and market reputation	Satisfy business and functional requirement	●	●
		Time to Market	●	●
		Risks	●	●
		Strategic Fit	●	●
		Customer Base (Users)	●	●
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution	CO Prior Experience	●	●
		Ease of implementation	●	●
		Out of box capabilities	●	●
		Customizable and configurable	●	●
		Maintainability and Manageability	●	●
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities	Ease of Conversion	●	●
		Security and Access Management	●	●
		Performance and Quality	●	●
		Scalability	●	●
		Aligned with CO Strategy	●	●
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities	Collaboration/integration capabilities with other CO systems (Ex: SOA)	●	●
		Extensibility	●	●
		Technical Risks	●	●
		System management support (SNMP, TIVOLI, ...)	●	●
		Operational procedures	●	●
		Deployment process and procedures	●	●
		Training	●	●
Disaster recovery plans	●	●		
Security & Compliance Objectives	A measure of solution's compliance with all Oregon and CMS mandated regulations	Documentation	●	●
		Ability to integrate with CO's security infrastructure	●	●
		HIPAA & PII compliance	●	●
		Regulatory compliance	●	●

● Positive Fit/ Low Risk	○ Medium Fit/ Risk	● Negative Fit/ High Risk
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Cost Summary Analysis

The table below shows the associated costs with implementing a SaaS solution. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

Option 3 | Alternative 3

Detailed Analysis on Direct-to-Carrier
Enrollment

A: Leveraging a Direct-to-Carrier Enrollment Capability for CO

Background & Description

- The benefit of DTC is to provide an additional (rather than replacement of SBM) channel for the consumer
- Direct enrollment allows individuals to sign up for subsidized and unsubsidized coverage directly through an insurer; however, subsidy eligibility and calculations still have to run through and determination made by the FFM or SBM*
- Insurance carriers who meet the requirements can be authorized to help enroll individuals eligible for a tax credit subsidy using their online enrollment website*
- Using the DTC option will require connecting the applicant with the CO eligibility service in order to determine the eligibility for Medicaid or a subsidy. The use of the DTC will off-load some but not all of the enrollment transactions from CO
 - With DTC, the volume of transactions needing a subsidy determination will not be reduced on CO's web-site although the transaction time for CO's web-site should be reduced
 - Applicants who do not want or need a subsidy eligibility determination will be able to complete the enrollment completely through the carrier which should also reduce the volume of non-subsidy transactions for CO to handle
- Although other states are considering adding the DTC enrollment capability, Kentucky is the only known state Exchange currently using this functionality
- The FFM currently offers the option for carriers, brokers and agents to perform the DTC services. However, the capability is not yet working and is undergoing testing with carriers and brokers

Assumptions

- The direct enrollment process flow for CO assumes the model similar to the direct enrollment process flow used by the FFM
- This analysis assumes no legislative hurdles to direct enrollment
- This option assumes the majority of the CO potential applicants are eligible for subsidies and will need to connect to the CO web-site to determine subsidy eligibility. (HHS reported that 79 percent of the 2.2 million people who signed up for Exchange plans through December would receive a subsidy* The assumption is that Oregon has a similar % of subsidy eligible applicants)
- This option assumes the timeline for the DTC option will run simultaneously with another alternative without increasing the total calendar time
- Kentucky's experience with the DTC alternative was used to estimate costs and timeline with the assumption that the DTC capability implemented by Kentucky is a comparable example for the DTC alternative analysis
- This analysis only considers the cost of the additional capability not the cost of the underlying SBM capability

Methodology & Rationale

- To assess whether DTC enrollment could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost

• Brett Norman, Politico Pro, 1/24/14, Direct sign-up for Obamacare subsidy enrollees still bumpy, <https://www.politicopro.com/story/healthcare/71d-30288>
 • <http://healthaffairs.org/blog/2013/11/20/Implementing-health-reform-a-closer-look-at-direct-enrollment-by-insurers/>
 • http://www.cms.gov/CCIO/Resources/Regulations_and_Guidance/Downloads/ENR_OperationsPolicyandGuidance_5CR_100313.pdf

B: Leveraging a Direct-to-Carrier Exchange-Lite Solution for CO

Background & Description

- With the DTC Exchange lite capability, the carrier can perform eligibility determination for Medicaid and subsidies by accessing a web service provided by CO and enroll the applicants in an end-to-end process
- In addition, all consumer assistance services and support, including use of the navigator tools and call center provision will be managed by the carrier
- The benefit of DTC Exchange-lite is to provide a replacement channel for the consumer for both the web-access and the call-center/consumer assistance services. CO becomes a back-office Exchange support service to carriers
- Insurance carriers who meet the requirements can be authorized to help enroll individuals eligible for a tax credit subsidy using their own online enrollment website and call center. Using the DTC Exchange-lite option will require connecting the carrier with a CO supplied web-service to determine the eligibility for Medicaid and subsidies
- Regulatory approvals would be required for this alternative since CMS does not currently allow carriers to complete the eligibility determination for Medicaid and subsidies using a web service
- All CO's health and dental carriers must accept full responsibility for enrolling and servicing their own applicants. Any carrier not able to assume the complete enrollment and servicing responsibility would not be allowed to participate
- CO could choose a SaaS vendor or enhance the Oregon Medicaid technology to replace CO Exchange technology. (Essentially, the need for CO as an health care Exchange entity would be eliminated)

Assumptions

- This option assumes the technology used for DTC Exchange-lite would be a SaaS alternative or an enhanced Medicaid technology solution
- This option assumes Oregon would get the necessary CMS approvals and State approvals in time for the 2015 enrollment kick-off
- This option assumes a sufficient number of carriers would be willing to take on the additional costs and responsibilities.(See slide 8 for a visual illustration of the workflow and listed responsibilities)
- This option assumes that carriers would perform certain Exchange functions (e.g. Plan Management, Navigator, Consumer Assistance, Premium Payment) and the State would maintain certain functions (e.g. eligibility determination, some reporting, some notices)

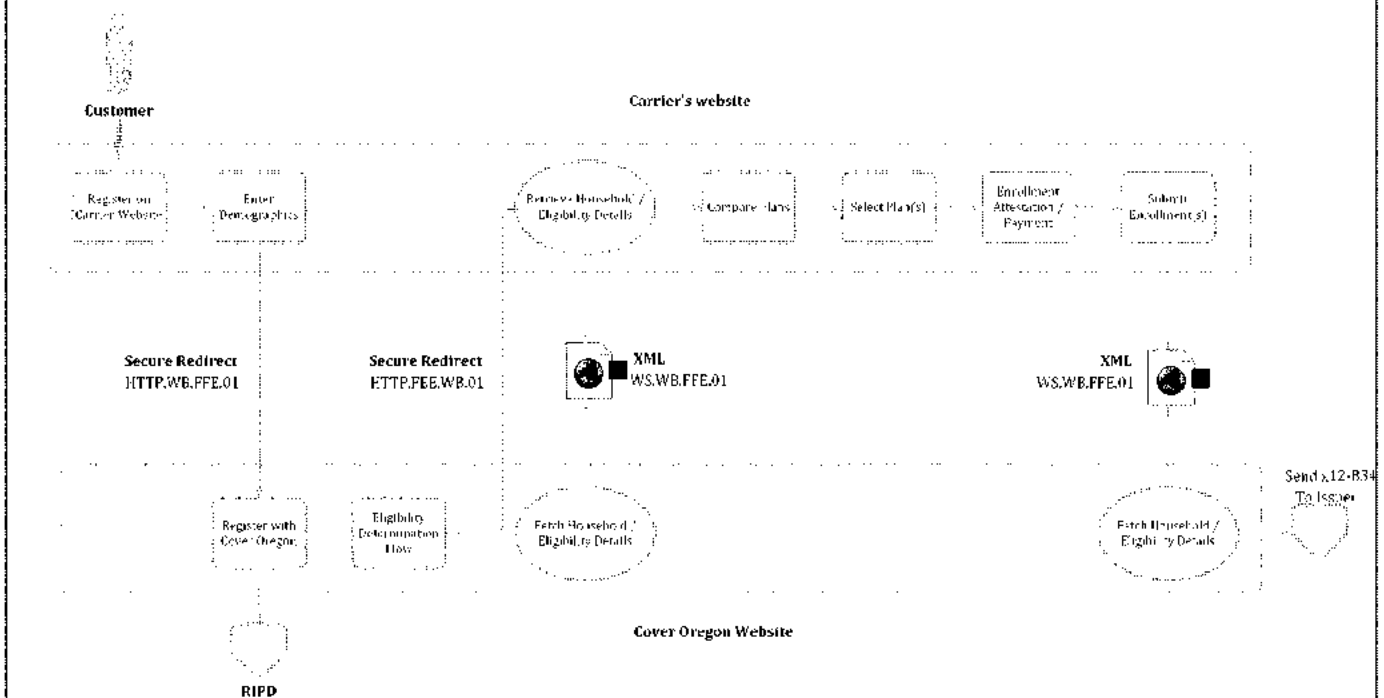
Methodology & Rationale

- To assess whether the DTC enrollment Exchange-lite alternative could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost

A: Leveraging a Direct-to-Carrier Enrollment Capability for CO

How Direct-to-Carrier Enrollment Works*

When an insurer directly enrolls an applicant in one of its qualified health plans through the Exchange, the applicant begins at the insurer's website. Once the insurer has collected basic information, the applicant is transferred to the Exchange website, where the applicant is registered and eligibility for premium tax credits is determined. The applicant is then transferred back to the insurer website for plan selection. The diagram below represents the adapted process flow proposed by HHS.

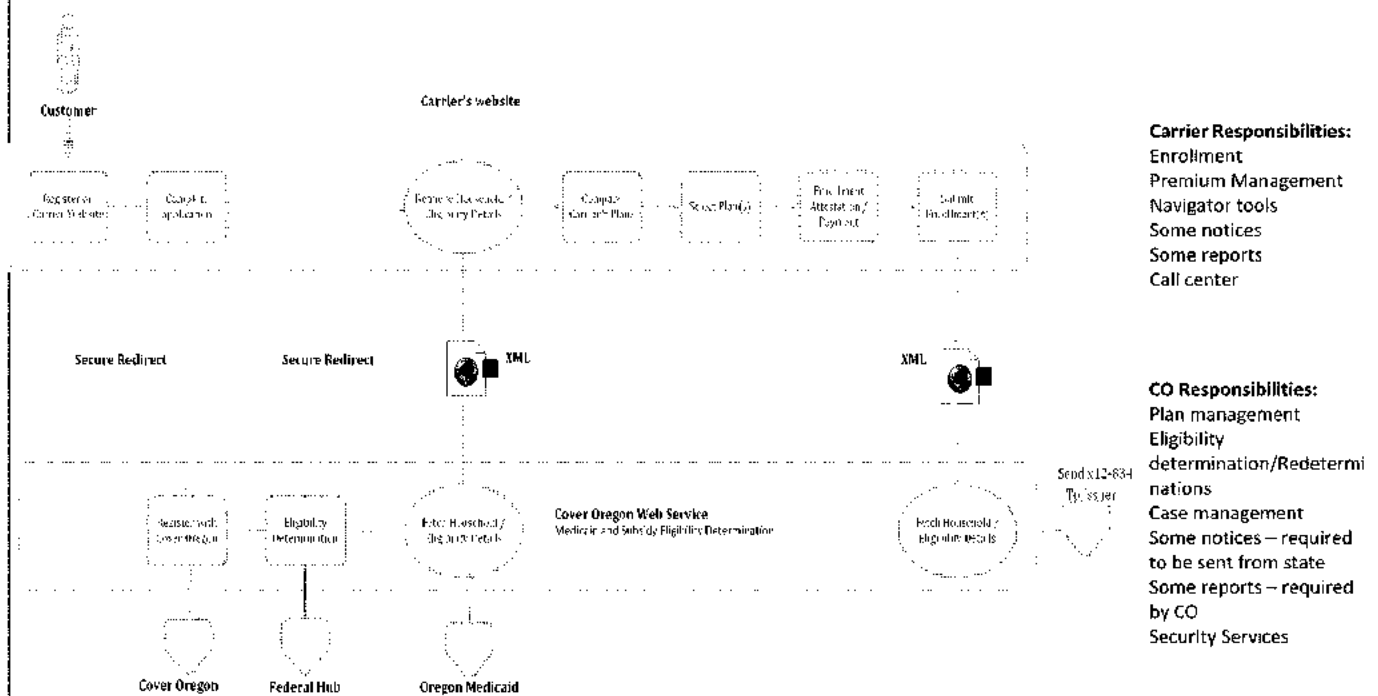


* http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/ENR_OperationsPolicyandGuidance_5CR_100313.pdf

B: Leveraging a Direct-to-Carrier Exchange-Lite Capability for CO

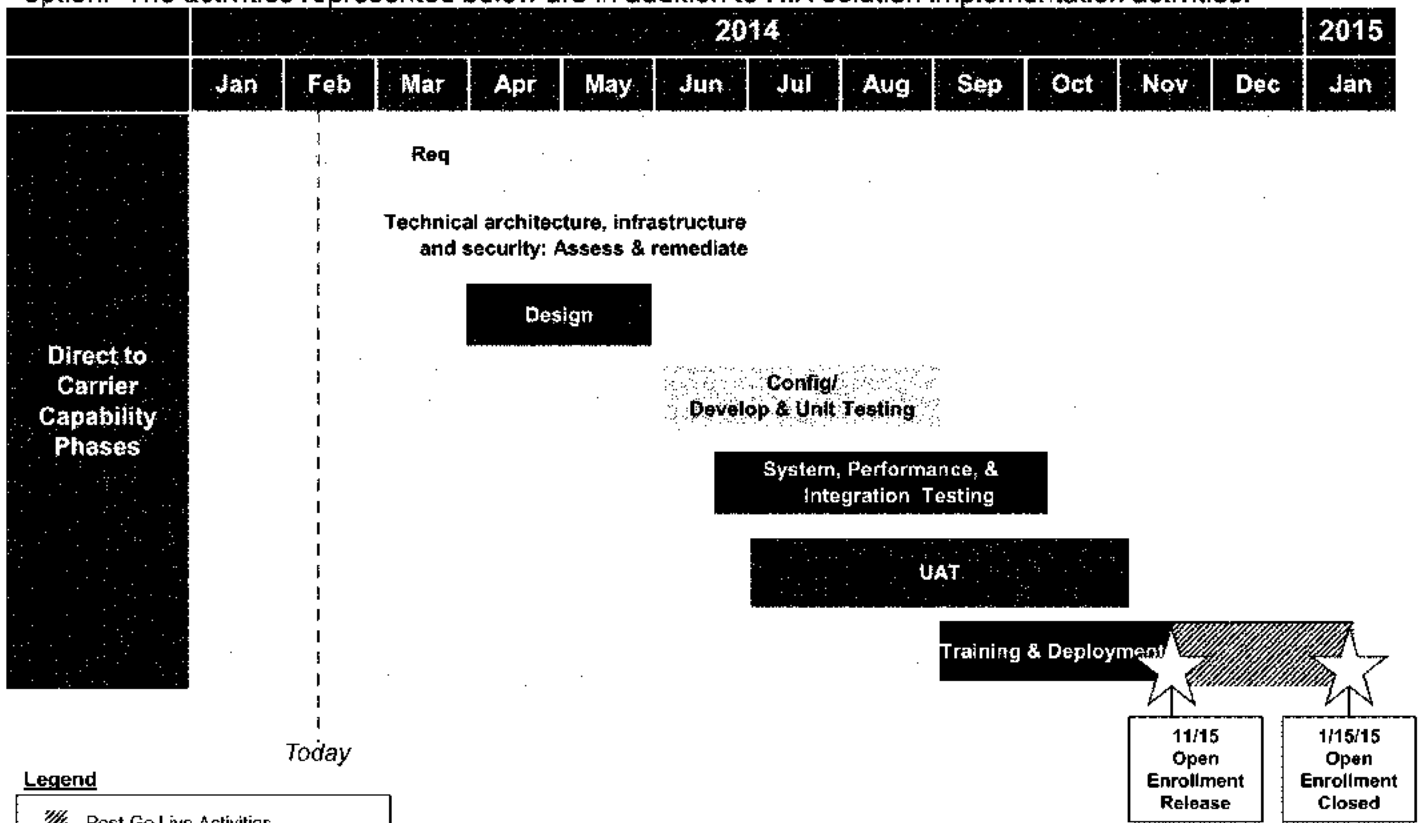
How Direct-to-Carrier Exchange-Lite Enrollment Works

When an insurer directly enrolls an applicant in one of its qualified health plans through the Exchange, the applicant stays on the insurer's website. Once the insurer has collected application information, the carrier accesses the Exchange web service, where the applicant is registered and eligibility for premium tax credits is determined. The carrier web site facilitates the applicant through plan selection, enrollment and premium payment. The diagram below represents the illustrative process.

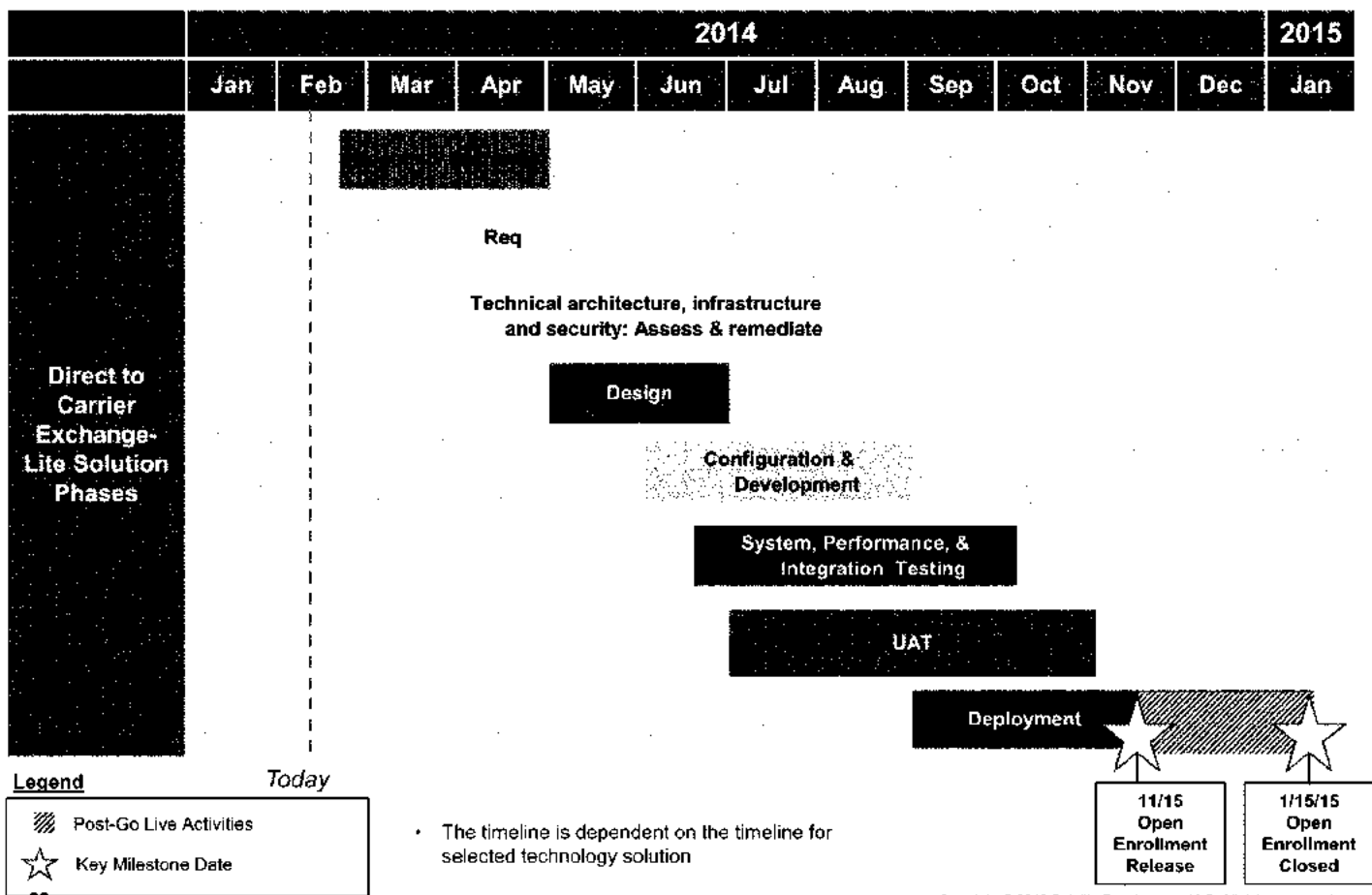


A: Illustrative Timeline for Direct-to-Carrier Capability*

This DTC capability is not a stand alone solution and must be implemented in tandem with the selected option. The activities represented below are in addition to HIX solution implementation activities.



B: Illustrative Timeline for Direct-to-Carrier Exchange-Lite Solution*



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Cost Summary Analysis

The table below shows the associated costs with implementing Direct-to-Carrier enrollment capabilities. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

Option 4 | Alternative 1

Detailed Analysis on Transitioning to the
Federally-Facilitated Marketplace (FFM)

Transitioning to a full FFM Solution for CO

Background & Description

- A total of 27 states are using the FFM, each state using the FFM has the option of choosing whether the FFM will assess or determine Medicaid eligibility
 - Assessment Model – In this model, the FFM makes an initial assessment of Medicaid eligibility and the State Medicaid agency makes final Medicaid determination. 25* states have selected this model
 - Determination Model – In this model, the FFM makes the final Medicaid eligibility determination and transmits this determination to the State. 15 states have selected this model
- In either model, FFM status must build file transfers with CMS for Medicaid
- CMS has developed Business Specification Documents (BSDs) detailing the file transfer process

Assumptions

- This option assumes that no requirements will be defined other than those for states currently using the FFM
- This option assumes Oregon will chose an assessment model for eligibility determination
- This option assumes all carriers now participating in CO will continue to participate with the FFM
- The timeline and cost assumes that known issues and defects with the current file transfer process that FFM states are using are fixed
- The timeline for transitioning to an FFM assumes that CO requires that the FFM solution be implemented by 11/15/14 (for plan year 2015 open enrollment) and includes deployment activities through the end of the open enrollment period assumed to be 1/15/15
- Transitioning from the SBM to an FFM model for 2015 enrollments requires that a transition Blueprint be submitted to CMS by June 1, 2014

Methodology & Rationale

- To assess whether moving to the FFM could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost
- The legislative and regulatory changes is a key driver in determining timeline as well as the level of effort and cost for designing, developing and testing the file transfer process with CMS in order to transition to the FFM
- The sample FFM state that was used for this analysis is a determination state, however the file transfers with CMS are required regardless of whether the state is an assessment state or determination state

<http://medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Medicaid-and-CHIP-and-the-Marketplace/medicaid-chip-marketplace-Interactions.html>

Transitioning to a FFM Partnership Solution for CO

Background & Description

- One of the options available to states choosing the FFM model, is the FFM Partnership model. With this model, CO assumes primary responsibility for carrying out certain activities related to plan management, consumer assistance and outreach, or both
 - In a *State Plan Management Partnership Exchange*, the scope of state responsibilities includes: recommending plans for QHP certification, recertification and decertification; QHP issuer account management; and day-to-day administration and oversight of QHP issuers.
 - States can also choose to assume responsibility for in-person consumer assistance and outreach, through what is referred to as a *State Consumer Partnership Exchange**

Methodology & Rationale

- See the previous slide with the full FFM methodology and rationale information

Assumptions

- In addition to the assumptions associated with the "Transition to Full FFM" analysis, the following assumptions were applied to this analysis:
- CO will use their current technology for Plan Management and Consumer Assistance
- The cost estimates for the FFM Partnership alternative will not be materially greater than the technology costs for the Full FFM alternative
- This option assumes Oregon will chose an assessment model for eligibility determination
- The timeline and cost assumes that known issues and defects with the current file transfer process that FFM states are using are fixed
- The cost and technical feasibility/risk analysis for the FFM Partnership model is based on continuing to use the current Cover Oracle plan management technology

*<http://medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Medicaid-and-CHIP-and-the-Marketplace/medicaid-chip-marketplace-interactions.html>

Transitioning to FFM Hybrid Solution for CO

Background & Description

- In the Program Integrity Final Rule issued August 30, 2013, CMS amended the definition of "Exchange" and further indicated that states may elect to establish:
 - (1) An Exchange that facilitates the purchase of health insurance coverage in QHPs in the individual market and that provides for the establishment of a SHOP; or
 - (2) An Exchange that provides only for the establishment of a SHOP
- An arrangement in which the state operates the SHOP and the federal government operates the individual market Exchanges is generally known as a hybrid model
- Currently, only the State of Utah has CMS approval for a hybrid model; however, New Mexico is temporarily operating a hybrid model until such time as the state's individual Exchange is operational

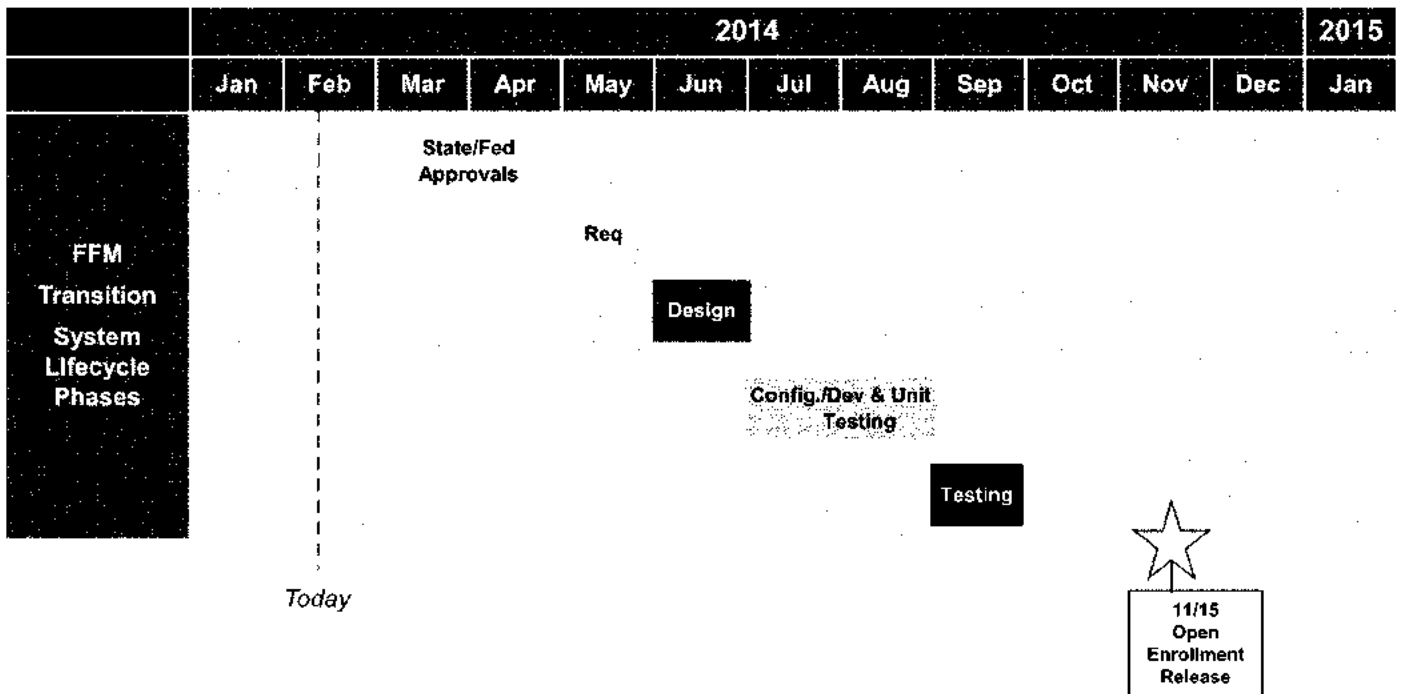
Assumptions

- In addition to the assumptions associated with the "Transition to Full FFM" and "Transition to FFM Partnership" analyses, the following assumptions were applied to this analysis:
 - This option assumes that no requirements will be defined other than those for states currently using the hybrid model
 - This option assumes Oregon will obtain the necessary state and federal approvals
 - This option assumes CO will use a SaaS for SHOP operation
 - This option assumes little to no integration for SaaS SHOP and the individual Exchange; therefore, in the hybrid model, using SaaS for SHOP will not affect the timeline or costs for moving the individual Exchange to the FFM

Methodology & Rationale

- To assess whether moving to a hybrid model could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost

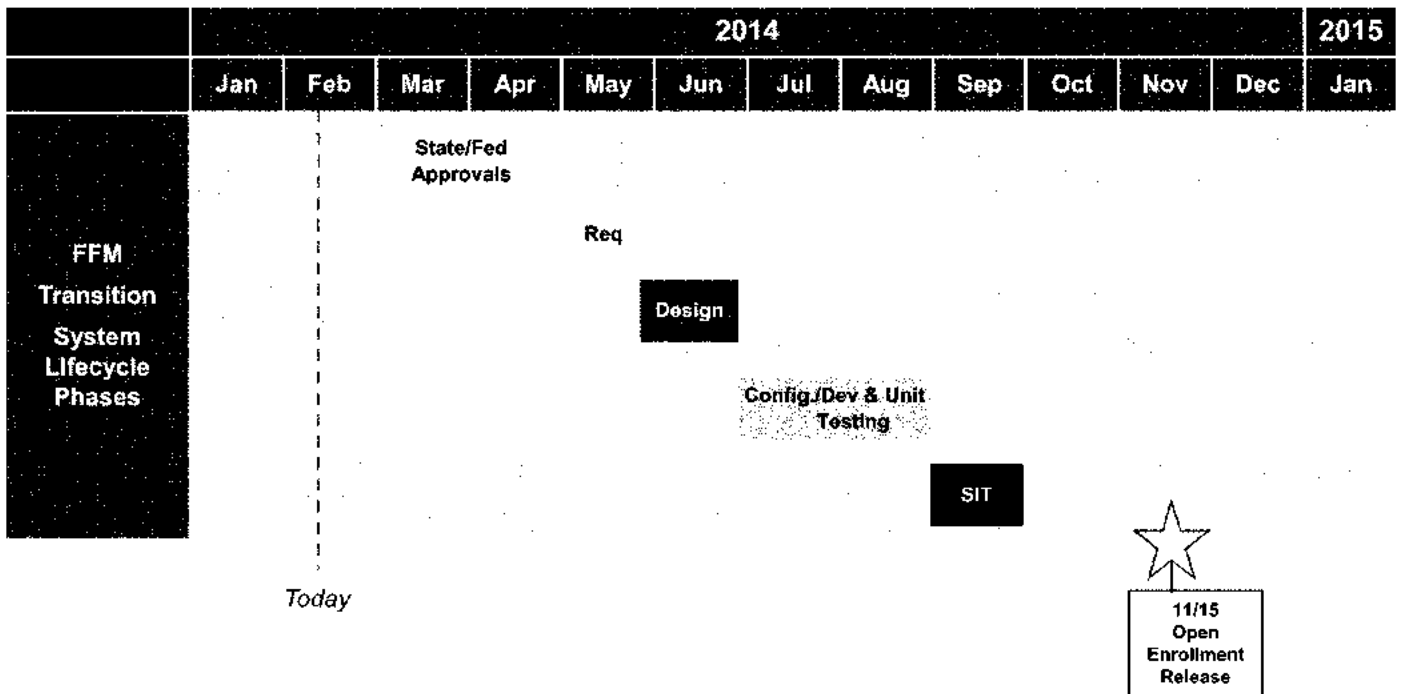
Illustrative Timeline for Full FFM Solution and FFM Partnership Alternatives



Legend

★	Key Milestone Date
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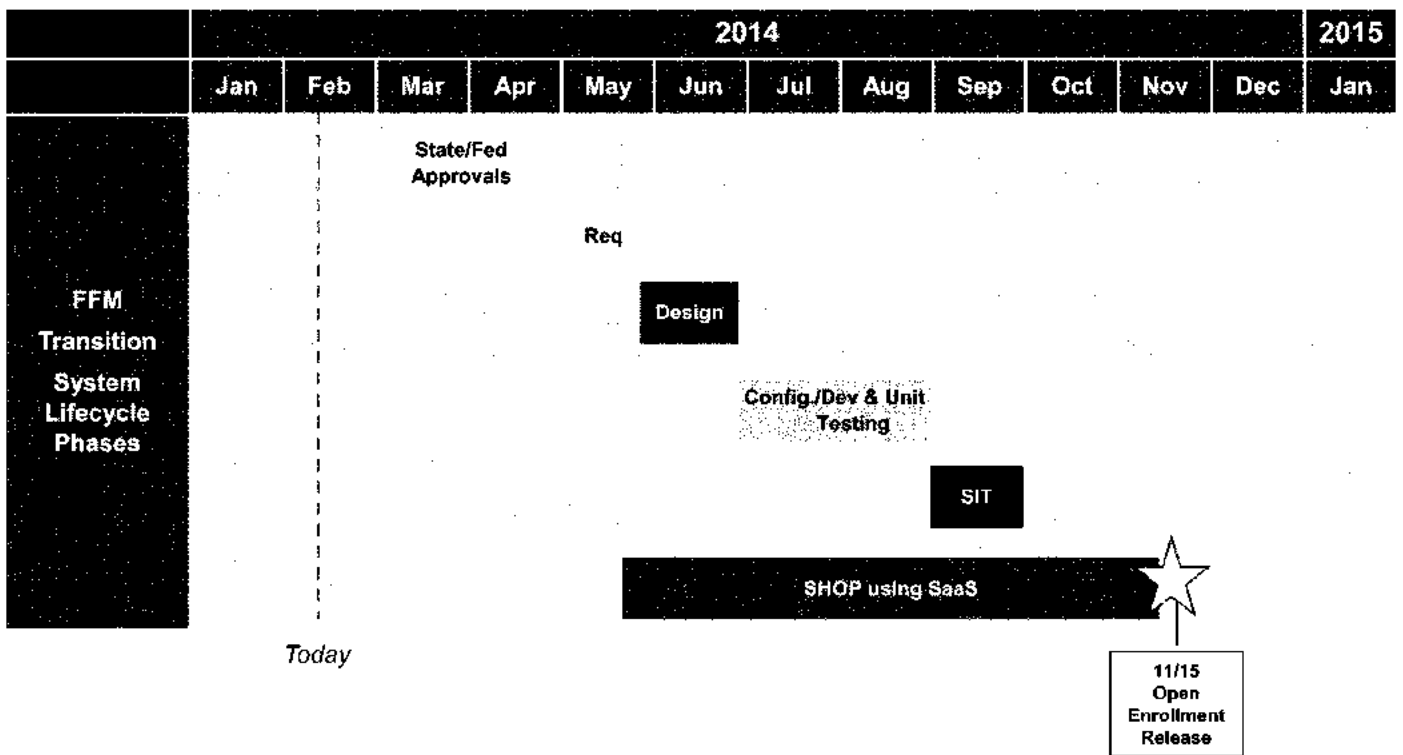
Illustrative Timeline for FFM Hybrid Solution



Legend

★	Key Milestone Date
---	--------------------

Illustrative Timeline for FFM Hybrid Solution



Legend

★ Key Milestone Date

Cost Summary Analysis

The table below shows the associated costs with implementing a FFM solution. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100k	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid Model with HHS	\$7.6-9.6M	Yes	\$14.4M	No

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Message

From: GOLDBERG PERSONAL EMAIL
Sent: 3/25/2014 2:01:24 PM
To: BONETTO PERSONAL EMAIL; sean kolmer; KOLMER PERSONAL EMAIL; bruce goldberg
GOLDBERG PERSONAL EMAIL; tine.d.edlund; EDLUND PERSONAL EMAIL
Subject: For this morning
Attachments: comparison-2.docx

Attached is my attempt to summarize the issues, outline costs and address some of the gov's questions. Let me know if this works.

I still need to do some work on costs with the team this morning as I found some things in those pr0-forma's I am not totally comfortable with. With that said.....it will unlikely change things to any great degree.

b

	Current tech	Federal
Risk	<p>Cover Oregon and state continue to bear the risk and responsibility of system problems, maintenance.</p> <p>To execute will need new personnel and organizational structure at Cover Oregon and that will take time to get in place. Given organizational changes and short time line until next open enrollment creates higher risks</p> <p>Code and technology architecture may need more work than anticipated – more gaps than anticipated</p> <p>Have to continue to maintain system in long term</p> <p>Will need federal approval for quick sole source system integrator contract- risk it will not happen soon enough</p> <p>Will likely need additional federal funding toward end of 2014 or 2015.</p>	<p>Federal site responsible for enrollment and ongoing maintenance</p> <p>Data transfer may be harder than anticipated. If decision is made (likely) that individuals need to re-enroll in federal system this is mitigated. It does however create situation where everyone in individual market will need to reapply!</p> <p>Will need to run current system for enrollments while transferring to federal site.</p> <p>Risk of lower enrollment without efforts of cover Oregon marketing and outreach, use of agents and partners to fullest degree.</p> <p>Potential loss of Cover Oregon as policy arm to drive market changes – that function will need to be performed by another agency e.g. OID – there will be some cost.</p>
Customization	Able to customize to meet state, carrier, partner, agent, consumer needs.	Little ability to customize. Agents and community partners will have limited use.
Single portal and SHOP	<p>Retains single portal for Medicaid and Commercial</p> <p>Will need to reduce scope and push SHOP until 2015</p>	<p>Lose single portal for Medicaid</p> <p>SHOP not until 2015. Will have less choice for employers/employees than if Cover Oregon built its own</p>
Cost of lost investment	None – will use entire federal investment	<p>There will be an ability to use parts of system for Medicaid – calculating value.</p> <p>Still able to maintain common platform for Medicaid and human services</p>
Portions that can be salvaged	Will be used	<p>Eligibility module</p> <p>Still able to maintain common platform for Medicaid and human services</p>

Cost:

Early estimates – still needs work!!!

In \$Millions

Still needs work

Given as low – high range

	2014	2015	2016	3 year
Current Technology (new vendor)	91-97	66-73	49-51	207-222
Federal Technology	74-78	~30	~30	134-138

Summary:

Staying the course with current technology but getting new vendor on board:

Higher risk as time is limited to complete both technology work and organizational changes necessary for success.

Higher cost but greater ability to customize to enhance enrollment if successful

Likely greater consumer satisfaction – consumer satisfaction with federal site (call center etc) is low

No lost investment

Maintain single portal for Medicaid and Individual market and greater ability/resources to align markets

High risk that we will need additional federal dollars – especially in 2015

Federal Technology

Lower operating costs and not responsible for ongoing maintenance and necessary changes

Loss of some portion of the federal investment over past 3 years

Less ability to customize and may have less enrollment. Potentially less consumer satisfaction.

Individuals will likely need to re-enroll for 2015 coverage – more work for consumers and carriers

Unless something is negotiated with feds – will likely lose ability to fund Cover Oregon through carrier administrative fees. As such loss of resources to support policy development and market alignment. This will need to be done through another state agency.

Message

From: Patricia McCaig [REDACTED]
Sent: 4/22/2014 10:24:21 PM
To: **BONETTO PERSONAL EMAIL**
Subject: Draft C
Attachments: Final Tech Meeting Draft C.pptx; HTML Attachment.html

I've made changes in red so people can track - some will require discussion. Most importantly I've re-ordered some of the slides. Take a look, and then call me. Let's decide if we want this to go out before 4:00.

Patricia McCaig





TECHNOLOGY RECOMMENDATION

ALEX PETTIT, Ph.D., ACTING CHIEF INFORMATION OFFICER

APRIL 24, 2014

Meeting Agenda: 4/24/2014

1. Review Technology Committee Objectives & Recommendation Criteria **Guidelines**
2. Recap of Process and Results ~~to date~~/thru last meeting
3. Update on **Fixing** Current Technology / New Vendor **option**
4. Update on Utilizing Federal Technology **option**
5. Final Analysis, Discussion & Recommendation

OBJECTIVES

- Recommend to the Board of Directors the best technology option for enrollment, renewal, and change of circumstance to support the 2015 open enrollment beginning 11/15/2014
- Document recommendation with a final report
- Assumptions: Enrollment, renewal, and change of circumstance for individuals is to be made available online within Cover Oregon's current budget coupled with the lowest possible risk by or before November 15, 2014

RECOMMENDATION CRITERIA **GUIDELINES**

- Risk – Must provide the highest level of certainty for seamless individual enrollment, renewal and change of circumstance
- Schedule – Thoroughly tested and operationalized prior to November 15, 2014
- Cost – Must be delivered within available resources

RECAP OF PROGRESS

1. Initial Meeting: March 11 - Articulate problem scope and constraints
2. Workshop Meeting: March 13 - Further description of problem
3. Workshop Meeting: March 18 - Articulation of solutions and limitations
4. Workshop Meeting: March 21 - Go forward plan proposed and detailed
5. Recommendation Meeting: March 27 - Go forward plan reviewed and approved
6. Status Monitoring Meeting: March 31 - Kick-off meeting

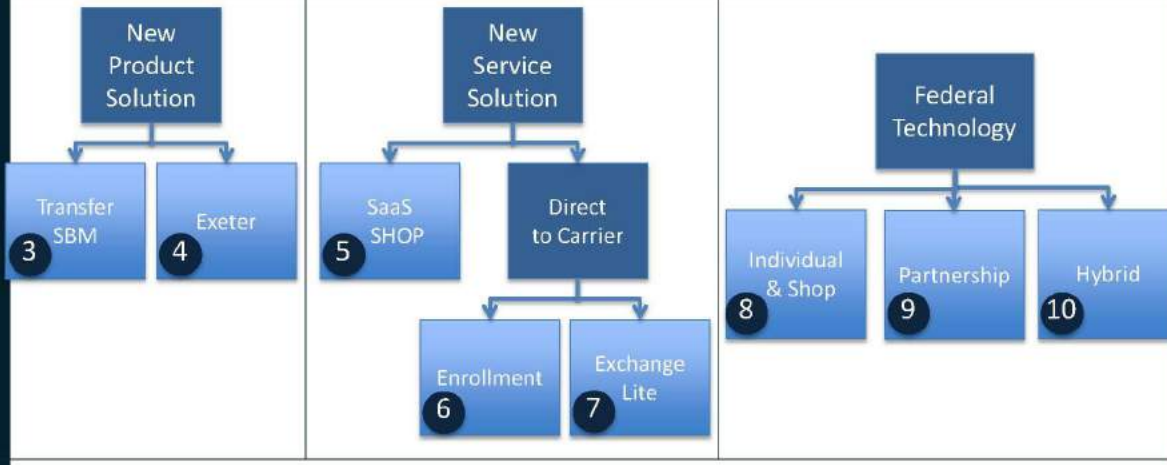
INITIAL SOLUTION ALTERNATIVES

Stay the Course

1 Keep the Technology
Keep the Vendor

2 Keep the Technology
Select a New Vendor

New Direction



~~WE NARROW~~ **NARROWED FROM 10 TO 3 FOR FURTHER REVIEW**

- State System Transfer: Transfer functioning technology from another state, in whole or in part
- **Fix** ~~C~~current technology – use new vendor
- Utilize federal exchange technology

STATE SYSTEM TRANSFER

KEY FINDINGS

- Utilize known working technology core to start
- Avoid pitfalls and address issues proactively by leveraging experience of other state
- A gap analysis is necessary to identify differences in business functions, business processes, and technology architectures
- Requires additional expertise and capacity
- Development of SHOP functionality will need to be addressed
- Some carrier interfaces would need to be developed
- Need to respond to evolving federal requirements

STATE SYSTEM TRANSFER OPTION ELIMINATED

- Risk: Has not been successfully done to date
 - Schedule: Infrastructure procurement and configuration would need to be completed before modifications to the application could begin
 - Cost: Maryland: \$45MM, plus infrastructure
- ~~Option eliminated due to Risk, Schedule, and Cost~~

OUR PRELIMINARY RECOMMENDATION: DUAL APPROACH

- **Fix** Current Technology / New Vendor: **fix** current technology and use a systems integrator
- Actively develop a plan to utilize the federal exchange technology if milestones are missed

Fix Current Technology/ New Vender

KEY FINDINGS

- Maintain no wrong door vision for Oregonians to access services
- Infrastructure & technology is in place and enrollments are occurring (with a large manual effort)
- State of code and complexity of architecture pose significant challenges to stabilize what is currently developed
- Development of functionality including renewal and change of circumstance is not complete
- Federal requirements continue to evolve

FIX TECH/NEW VENDOR MILESTONES

- Product roadmap focus on ACA requirements (4/4/2014)
- Sole source procurement approved (4/4/2014)
- Function gap completed and reasonable (4/11/2014)
- CO governance structure built & operational (4/11/2014)
- CO program management in place (4/30/2014)
- CO attrition is managed (4/30/2014)
- System Integrator contract is complete (4/30/2014)
- 2015 Open Enrollment functionality requirements complete (5/30/2014)
- 2015 Open Enrollment functional design complete (5/30/2014)
- 2015 Open Enrollment technical design complete (5/30/2014)
- 2015 Open Enrollment development on-track (6/15/2014)
- Final go/no-go decision (6/30/2014)

DELOITTE ASSESSMENT

- Stabilization of current software and development of renewal capability is all that can be achieved by November 15, 2014
- Change of circumstance would not be completed until November 2015
- Total effort is estimated to exceed 390,000 hours, @ \$200/hr ≈ \$78MM to complete

FIX CURRENT TECHNOLOGY/NEW VENDOR REVIEW

- Risk: Aggressive timeline introduces substantial risk into project plan with little margin for error
- Schedule: Not all functionality can be completed by November 15, 2014
- Cost: This option exceeds the budget we have to complete development **Exceeds available resources**

UTILIZE FEDERAL TECHNOLOGY

KEY FINDINGS

- Requires CO to maintain operations for 2014 events
- Provides individual enrollment, renewal, and change of circumstance by the November 15, 2014 deadline
- Provides for QHP eligibility, plan shopping and enrollment
- 11 of 16 Oregon carriers already have interfaces with FFM
- Medicaid eligibility can be moved to OHA; requires no further development from Cover Oregon but significant work from OHA
- Migration of existing enrollments to federal system TBD
- Loss of full integration of Medicaid and QHP
- Agents would need to be certified by the FFM

Deloitte Assessment

Deloitte estimate:

- QHP to FFM transition expenses - \$4 – 6MM
- Medicaid to OHA total effort is estimated not to exceed 160,000 hours, @ \$200/hr ≈ \$36MM* to complete (this includes \$4-6MM to Cover Oregon)

* This expense is likely eligible for federal matching rate, but does not include cost to carriers

POTENTIAL STATE EXCHANGE UTILIZING FEDERAL TECHNOLOGY

- ~~Joint discussions with OHA and CMS are underway~~
- High-level approach defined
 - Transfer QHP Eligibility and Enrollment to FFM (Federally Facilitated Marketplace) , including portal and call center
 - Oregon retains front-end customer outreach and education, initial QHP management and some QHP oversight
 - Transfer Medicaid eligibility determination back to OHA, OHA retains Medicaid portal and call center, Medicaid consumer outreach and education, Medicaid determinations, enrollments, redeterminations and appeals
- Utilize cross-agency project team, rely on one system integrator for both entities and consider budget implications to both organizations

UTILIZE FEDERAL TECHNOLOGY REVIEW

- Risk: Enrollment, renewal, and change of circumstance functionality are currently available, lowest risk option
- Schedule: All functionality will be available before November 2014
- Cost: Least expensive option identified
Estimates within available resources

OBJECTIVES/RECOMMENDATION

- Recommend to the Board of Directors the best technology option for enrollment, renewal, and change of circumstance to support the 2015 open enrollment beginning 11/15/2014
- Document recommendation with a final report
- Assumptions: Enrollment, renewal, and change of circumstance for individuals is to be made available online within Cover Oregon's current budget coupled with the lowest possible risk by or before November 15, 2014
- Formal recommendation from the Tech Committee

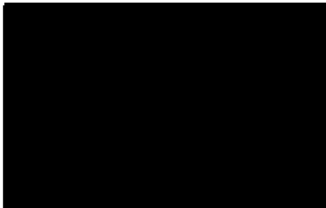
COVER OREGON



**COVER
OREGON**

From: "Miller, Sarah" [REDACTED]
Sent: 4/26/2014 10:06:47 PM +0000
To: EDLUND Tina D [REDACTED]@state.or.us>; KOLMER
Sean P * GOV [REDACTED]@oregon.gov>
Subject: Text me when you are ready for call...
Attachments: Cash Flow Analysis 04-25-2014v2.xlsx; Go Forward Plan v2.pptx

Dial In:



Attached – High Level Budget file

Attached – Revised Go Forward Plan with most of SK & TE edits incorporated...

From: Smith, Mike
Sent: Friday, April 25, 2014 8:31 PM
To: Hamstreet, Clyde
Cc: Miller, Sarah; Johnson, Blake; Smith, Mike
Subject: Joint QHP/OHP Budget File

Attached is the latest file that Sarah, Blake, and I reviewed this evening. This is the full file and not the surface file (without links to the underlying information) that we discussed. We can create the surface file for you tomorrow after you've had a chance to review for changes.

Both Sarah and I will be in the office tomorrow, and Blake is available as needed. I plan to be in the office around 10am.

Please contact us if you have any questions.



Joint QHP/OHP Budget Notes

Note#	Description
1	Source of funds includes QHP and Medicaid sources.
2	1311 federal grant funds, draw downs actuals through March, estimated monthly thereafter.
3	Medicaid eligibility payment represents a verbal agreement between OHA & CO and is based upon general funds. Revenues are cumulative to June and then monthly thereafter.
4	Other Medicaid revenues based upon total funds (general and federal funds at 45%/55% match rate).
5	QHP commission payment based upon \$9.38 per member month at 75% effectuation. Revenues are cumulative to June and then monthly thereafter.
9	Core Operations for CO costs exclude paper application processing and all IT costs.
11	Personnel costs after removing 15 FTEs as of June 30, but included additional month for PTO payout.
12	Communications and Outreach with most contracts ending by July. Post July budget costs relate to 2015 open enrollment advertising.
13	Professional services contracts ending by July. Ongoing costs includes services such as DOJ, QA/QC, Legislative liaison and other small cost contracts
15	Telecom charges for cell phones
16	Corporate facilities costs include leases, utilities, security, and janitorial.
19	One-time professional services costs including First Data and Hamstreet beginning in April.
20	Estimated \$3 million for legal costs associated with IT
28	2014 Application Processing costs include all costs for processing QHP and Medicaid.
29	QHP/LQE/COC/Tribal costs are fully loaded (e.g., personnel, overhead, etc.) with 15 FTE removed at July and 7 added in October, includes 10% contingency.
30	Medicaid eligibility & redetermination costs are fully loaded (e.g., personnel, overhead, etc.)
31	IT System operations & maintenance costs includes 20% contingency.
35	FFM Project Costs include estimated costs for transition to FFM and Medicaid system integration.
36	Project personnel costs for integration are fully loaded (e.g., personnel, overhead, etc.)
37	QHP system integrator costs are vendor only estimates
38	Medicaid system integrator includes professional services vendor(s) and 30% contingency.
39	QA Oversight as required by statute.
44	Projected need for forecasted month includes contingency amounts. Actuals may vary from forecast.

7/28/2015
10:53 PM

2013
Actual Expenditures

Actual Expenditures - 2013													
	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	2013
Communications & Outreach	-	1,221	1,482	(250)	59,448	5,014	108,257	136,527	13,060	3,034,174	256,953	12,583,442	16,199,326
Compensation	4,308	40,782	123,854	307,999	449,850	667,769	647,581	717,367	880,167	920,706	941,082	1,086,512	6,787,976
Benefits	1,880	5,831	37,450	38,476	786,399	798,907	707,910	373,516	409,855	751,143	343,486	460,009	2,659,857
Training/Travel	-	4,110	-	189	603	392	5,131	1,023	-	952	(523)	250	12,126
Administrative-Supplies	6	478	8,296	11,512	(11,719)	2,908	6,736	16,492	14,134	29,979	14,895	149,278	243,057
Telecom	40	40	180	3,525	1,079	2,860	4,290	4,576	13,825	11,978	54,667	23,797	120,858
Professional Services - Non IT	-	-	62,043	18,046	727,668	4,011,775	792,937	584,127	933,472	3,204,825	3,020,251	(10,134,530)	3,220,613
Professional Services - IT	-	-	56,400	179,699	1,105,352	288,302	2,122,561	1,566,111	3,392,046	2,971,824	5,084,809	7,641,122	24,408,226
Non-Capital IT Purchases	28,487	98,624	5,976,036	17,933	12,204,667	1,041,353	11,753,091	12,272,062	12,574,144	8,154,652	5,938,450	(69,344,601)	694,898
Recruiting	1,400	2,040	11,242	1,406	(15,465)	15,465	1,248	1,584	579	(0)	524	2,581	22,605
Dues & Subscriptions	-	1,112	10,967	151,808	(161,054)	166,665	1,629	18,561	2,889	20,903	3,459	5,817	222,756
Occupancy	7,015	16,904	573	21,377	486	31,796	27,164	76,773	51,766	59,934	89,390	1,808	384,975
Administrative	-	38	622	3,742	(485)	4,485	3,942	3,886	2,570	10,843	4,481	14,333	49,466
Other Income & Expense	-	-	-	1,140	(28,276)	(4,472)	(6,613)	(4,479)	(4,415)	(2,464)	(300)	2,013	(47,866)
Capital Purchases	-	-	-	115,876	119,044	67,164	19,239	242,872	684,101	-	-	79,710,523	80,958,819
Total Expenditures	43,135	171,179	6,284,144	872,479	14,737,596	6,600,369	15,695,103	15,960,999	18,968,263	18,669,448	15,731,624	22,202,354	135,936,694
Cumulative	43,135	214,314	6,498,459	7,370,937	22,108,533	28,708,903	44,404,005	60,365,004	79,333,267	98,002,715	113,734,339	135,936,694	
Budget	\$6,497,863	\$6,552,503	\$6,566,296	\$7,579,857	\$12,499,774	\$8,533,092	\$10,162,982	\$11,968,573	\$12,724,867	\$13,545,008	\$12,245,180	\$11,565,009	\$120,741,004
Cumulative	6,497,863	13,050,366	19,616,662	27,196,519	39,696,293	48,229,385	58,392,367	70,360,940	83,085,807	96,630,815	108,875,995	120,741,004	15,195,690

Actual Expenditures - 2013													Variance
Department	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	'013 Expenditure
IT	28,487	98,804	6,037,339	507,417	13,351,403	1,601,816	13,912,677	14,208,573	16,047,591	11,325,254	11,135,520	18,000,953	106,255,831
COMs	-	1,221	62,444	67,625	754,804	4,909,501	1,026,546	781,953	1,005,001	6,067,883	3,025,217	741,031	17,543,226
PRE	-	-	10,000	11,671	20,030	58,889	35,549	94,993	66,122	59,328	62,213	67,417	486,262
Finance	1,203	8,500	33,966	33,129	51,305	50,656	72,671	80,369	92,328	91,825	99,946	120,457	736,356
Svc. Ctr	-	15,469	48,442	75,407	144,173	168,080	776,957	240,749	355,182	692,229	713,577	1,863,301	4,553,101
Admin/OPS	4,631	15,516	22,348	79,431	71,887	301,115	74,708	166,464	281,631	137,161	272,513	325,452	1,752,856
HR	321	12,468	26,727	19,033	108,652	42,004	24,907	18,353	18,280	10,650	10,815	26,173	334,800
Shop	-	-	1,956	36,390	67,544	70,109	67,807	121,688	150,265	143,725	133,507	156,856	949,845
Facilities	7,020	17,202	7,520	35,855	(1,810)	48,806	55,258	118,133	717,440	219,396	196,533	294,995	1,716,347
Exec	-	-	-	13,378	24,055	24,830	28,146	52,639	135,230	59,248	61,164	82,719	481,409
ORMIX	1,473	2,000	33,364	(6,852)	143,553	224,565	169,877	69,585	99,194	(145,720)	30,620	522,999	1,126,660
Total	43,135	171,179	6,284,144	872,479	14,737,596	6,600,369	15,695,103	15,960,999	18,968,263	18,669,448	15,731,624	22,202,354	135,936,694
Budget	6,497,863	6,552,503	6,566,296	7,579,857	12,499,774	8,533,092	10,162,982	11,968,573	12,724,867	13,545,008	12,245,180	11,865,009	120,741,004
													Variance
													15,195,690

2014
Cost Charge Forecast

Forecast - 2014 (No IT costs)													
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
Communications & Outreach	415,613	396,029	391,800	1,099,000	286,330	211,500	216,500	300,000	305,000	300,000	250,000	255,000	4,456,703
Compensation	876,940	793,631	797,823	818,117	853,914	850,384	812,186	711,937	711,937	746,017	746,017	746,317	9,484,119
Benefits	367,939	341,584	337,720	377,358	382,620	382,674	365,529	323,367	323,367	333,765	335,708	335,703	4,223,358
Traveling/Travel	-	-	-	500	500	1,500	500	-	-	-	-	-	3,000
Administrative Supplies	46,370	72,988	174,724	130,000	59,225	50,000	13,000	50,200	58,000	58,000	75,250	100,900	172,039
Telcom	110,500	72,213	3,840	112,350	42,762	62,760	41,800	41,800	41,800	41,800	111,800	111,800	897,303
Professional Services - Non IT	1,245,110	914,117	2,099,741	1,432,100	1,711,636	947,100	613,405	823,600	788,520	691,000	689,100	754,000	12,697,951
Professional Services - IT	-	37,270	30,320	-	33,000	-	30,000	-	-	-	30,000	-	177,550
Capital Expenses - IT	-	-	-	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	13,500
Non-Capital Expenses - IT	-	-	79	-	-	5,000	5,000	-	-	-	-	-	10,079
Recruiting	-	22,364	15,022	2,250	2,250	2,250	250	250	250	250	250	250	45,644
Dues & Subscriptions	-	1,116	878	-	-	3,500	1,400	-	-	700	-	-	7,994
Occupancy	92,473	112,259	134,340	116,711	116,885	116,915	121,993	122,817	122,777	122,817	122,777	122,149	1,416,610
Administrative	2,997	2,269	2,705	2,200	2,650	6,668	2,200	2,600	4,180	2,310	2,630	4,180	42,942
Other Income & Expense	2,030	2,253	2,719	1,000	1,000	4,000	5,000	1,000	1,000	1,000	1,000	1,000	40,211
Total Expenditures	3,380,296	2,968,624	3,713,287	4,142,289	3,508,235	2,965,762	2,369,540	2,490,241	1,372,391	2,316,211	2,369,121	2,438,693	34,408,760

GRANT BUDGET	\$4,080,808	\$8,822,702	\$8,894,313	\$7,545,596	\$7,382,839	\$7,453,275	\$8,140,649	\$8,018,697	\$8,945,869	\$9,176,414	\$8,990,816	\$8,458,877	\$105,701,071
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Forecast - 2014													
Department	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
IT	6,071,640	4,730,931	6,777,143	10,810,561	6,701,983	1,730,151	8,735,169	1,094,506	1,181,263	2,864,101	967,508	1,144,575	47,693,956
COMS	435,349	736,321	562,369	1,243,427	487,627	359,227	496,677	417,198	417,689	417,688	367,669	367,668	6,143,735
PRE	61,634	112,477	61,654	12,289	151,195	24,769	117,972	60,531	60,531	60,511	60,531	60,531	976,960
Ops	425,847	182,054	135,772	176,426	171,823	105,978	23,990	713,628	783,475	795,214	701,628	755,479	4,828,463
Finance	126,139	167,499	126,894	153,222	113,142	110,482	215,162	110,182	110,182	110,182	110,182	110,182	1,196,876
Svc Ctr	1,399,413	1,131,547	1,893,424	1,803,986	1,624,238	1,273,988	879,648	549,343	443,113	499,543	499,813	499,813	13,034,746
Admin	21,718	21,582	21,284	29,181	29,451	29,981	35,791	9,086	9,086	9,086	9,086	9,086	267,948
Training	31,564	26,073	27,142	33,250	31,250	35,250	27,750	26,750	27,750	26,750	26,750	27,750	350,035
HR	19,300	29,604	18,006	17,829	21,023	17,929	19,029	19,029	15,929	15,929	19,029	15,929	224,773
Shop	142,236	142,169	136,798	150,282	149,592	138,516	135,968	136,748	135,468	131,465	135,768	136,468	1,696,778
Facilities	266,243	313,192	340,581	349,022	278,372	284,022	235,100	280,738	250,709	250,715	355,708	351,380	3,336,349
Exec	77,939	131,919	34,358	130,151	293,518	185,516	145,634	115,639	115,639	90,633	90,659	90,658	1,745,968
ORHE	85,211	84,223	142,229	-	-	-	-	-	-	-	-	-	42,897
Total	8,252,756	7,361,955	10,460,480	14,943,661	10,294,119	4,515,492	5,572,750	3,624,749	3,561,664	5,182,313	3,331,630	3,595,269	62,098,216

Two-year total													
New Low Revenue	4,114,812	\$416,557	\$818,756	\$1,330,321	\$1,754,038	\$2,127,813	\$2,632,688	\$2,042,679	\$1,118,636	\$2,661,915	\$2,908,227	\$4,155,888	170,241,951
Reserve	4,114,813	\$1,281,399	\$1,800,156	\$1,270,727	\$1,906,515	\$2,184,427	\$6,717,016	\$12,799,689	\$16,179,306	\$19,881,721	\$2,752,951	\$2,902,840	177,902,840

Months													
New Mid Revenue	\$206,331	\$457,868	\$582,950	\$1,072,657	\$1,029,078	\$1,778,955	\$2,212,110	\$2,604,234	\$2,082,540	\$2,218,911	\$3,045,714	\$3,695,911	23,815,512
Reserve	\$205,311	\$366,700	\$1,349,150	\$7,421,806	\$3,959,886	\$5,929,881	\$7,827,051	\$10,466,795	\$11,463,895	\$16,668,767	\$70,170,509	\$23,815,512	177,902,840

BUDGET	\$9,080,608	\$8,822,702	\$8,894,313	\$7,545,596	\$7,382,839	\$7,453,275	\$8,140,649	\$8,018,697	\$8,945,869	\$9,176,414	\$8,990,816	\$8,458,877	\$105,701,071
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Bure Budgets - 2014													
Department	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
IT	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
COMS	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
PRE	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Finance	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Svc Ctr	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Admin	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
HR	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Shop	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Facilities	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Exec	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
ORHE	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Total	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!

Two-year total													
New Low Revenue	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Reserve	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!

Months													
New Mid Revenue	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Reserve	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!

2015
Base Forecast

Base Forecast - 2015														
	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	2015	
Communications & Outreach	252,500	201,479	211,500	206,500	206,500	211,500	222,000	166,500	211,500	306,500	306,500	211,500	2,654,479	
Compensation	751,419	777,193	787,938	787,265	777,402	777,402	812,072	824,472	814,472	814,472	814,472	814,472	9,444,121	
Benefits	536,236	531,700	531,700	531,700	531,700	531,700	536,294	548,294	548,294	548,294	548,294	548,294	4,092,555	
Training/Travel	500	500	500	500	500	500	500	500	500	500	500	500	4,500	
Administrative/Supplies	21,599	21,599	21,599	21,599	21,599	21,599	21,599	21,599	21,599	21,599	21,599	21,599	245,199	
Telecom	117,870	117,870	117,870	117,870	117,870	117,870	117,870	117,870	117,870	117,870	117,870	117,870	1,054,440	
Professional Services - Non IT	646,919	451,600	341,500	294,500	224,400	166,500	157,170	166,595	157,035	246,135	246,600	256,835	2,217,770	
Professional Services - IT	-	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	670,000	
Non-Capital IT Purchases	-	-	-	-	-	5,000	5,000	-	-	-	-	-	10,000	
Recruiting	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	
Outs & Subscriptions	#REF!	#REF!	7,300	3,000	5,000	2,500	4,400	5,000	5,000	6,700	5,000	3,000	3,000	#REF!
Occupancy	#REF!	#REF!	116,363	117,017	116,263	117,015	116,563	117,117	117,757	117,317	117,767	117,817	1,174,817	
Administrative	#REF!	#REF!	6,200	2,200	2,000	6,000	2,200	6,100	6,100	6,200	6,200	6,200	41,000	
Other Income & Expense	42,730	1,000	1,000	2,000	1,000	1,000	1,000	2,000	1,000	1,000	1,000	1,000	12,470	
Capital Purchases	-	-	70,000	-	-	50,000	430,000	-	-	-	-	-	550,000	
Total Expenditures	#REF!	#REF!	2,026,719	1,907,089	1,813,427	1,757,179	2,190,099	1,868,562	1,798,880	2,021,882	2,057,127	1,947,762	#REF!	
Net														
Revenue	\$2,412,575	\$1,554,694	\$2,452,111	\$2,702,214	\$2,716,577	\$2,734,829	\$2,727,610	\$2,812,105	\$2,826,665	\$2,977,316	\$1,942,362	\$3,946,664	\$44,725,931	
Cash Flow	#REF!	#REF!	\$1,225,589	\$1,195,220	\$1,902,451	\$1,977,656	\$1,596,511	\$2,148,544	\$2,029,755	\$2,815,464	\$1,765,186	\$1,856,922	#REF!	
Reserve Months	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	
Reserve Months Target	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	
Cash Flow	\$1,314,469	\$1,313,947	\$1,344,219	\$1,351,201	\$1,169,114	\$2,138,034	\$1,144,240	\$1,260,775	\$1,273,294	\$1,281,075	\$1,261,073	\$2,261,561	\$20,088,208	
Cash Flow	#REF!	#REF!	\$1,407,491	\$1,295,237	\$1,295,650	\$1,492,441	\$1,495,145	\$1,592,113	\$1,801,511	\$1,276,173	\$1,241,302	\$1,281,313	#REF!	
Revenue	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	
Reserve Months	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	
BUDGET	\$5,388,227	\$5,288,615	\$5,376,267	\$5,104,998	\$4,973,272	\$5,405,877	\$5,190,862	\$5,050,400	\$5,730,871	\$5,789,744	\$5,608,668	\$5,485,378	\$4,386,184	

Base Budget - 2015													
	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	2015
Communications & Outreach	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Compensation	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Benefits	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Training/Travel	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Administrative/Supplies	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Telecom	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Professional Services - Non IT	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Professional Services - IT	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Non-Capital IT Purchases	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Recruiting	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Outs & Subscriptions	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Occupancy	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Administrative	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Other Income & Expense	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Capital Purchases	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Total Expenditures	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Net (L)													
Revenue	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Cash Flow	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Reserve Months	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Net (L)													
Revenue	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Cash Flow	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Reserve Months	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!

Base Forecast - 2015													
Department	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	2015
IT	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
COM/IS	476,394	326,218	326,218	326,218	326,218	326,218	326,218	326,218	326,218	326,218	326,218	326,218	4,154,584
PRE	60,575	60,651	60,651	60,651	76,154	76,651	64,891	74,000	74,136	116,270	63,665	74,000	874,770
Ops	170,071	172,982	141,778	173,628	173,628	192,779	177,236	177,236	145,146	177,936	177,236	145,146	1,746,041
Finance	125,922	112,482	112,482	112,482	112,482	112,482	117,600	124,687	124,687	124,687	124,687	124,687	1,427,568
Sec Ctr	568,565	863,823	810,182	768,601	676,036	575,815	607,591	602,121	622,021	752,011	752,531	752,011	8,804,528
Admin	21,077	10,425	9,426	9,426	10,426	10,926	16,796	10,958	9,958	10,968	9,958	10,968	148,814
Training	46,290	27,000	26,290	24,290	24,290	24,290	46,290	24,290	24,290	24,290	24,290	24,290	354,779
HR	11,919	11,113	11,919	11,919	11,119	14,919	11,919	11,919	11,919	11,919	11,919	11,919	225,365
Shop	116,125	141,332	116,332	117,332	176,232	177,132	146,154	146,236	171,336	171,336	171,336	171,336	1,675,482
Facilities	248,905	298,821	299,824	248,444	249,444	229,444	445,204	245,610	219,000	219,000	298,000	263,000	3,461,165
Exec	45,136	44,738	44,738	44,738	44,738	45,738	47,716	47,716	47,716	47,716	47,716	47,716	551,721
ORISK	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	#REF!	#REF!	2,026,719	1,907,089	1,813,427	1,757,179	2,190,099	1,868,562	1,798,880	2,021,882	2,057,127	1,947,762	#REF!

7/28/2015

2016 DRAFT
Base Forecast:

	Forecast - 2016												2016	
	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	2016	
Communications & Outreach	254,000	202,000	232,000	232,000	202,000	214,116	239,000	182,300	236,300	302,000	202,000	202,000	2,739,116	
Compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	
Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	
Training/Travel	5,100	2,000	4,000	2,800	2,000	4,000	2,000	2,000	4,300	2,000	2,000	4,000	33,144	
Administrative Supplies	22,400	9,000	9,000	15,000	9,000	9,000	21,200	9,200	9,200	15,200	9,000	9,000	146,400	
Telecom	16,100	15,100	14,300	14,100	14,100	14,100	14,100	14,100	13,100	14,100	16,100	18,100	177,200	
Professional Services - Non-IT	769,681	573,143	573,143	320,143	305,143	355,143	329,143	355,143	456,143	570,143	555,143	555,143	5,716,754	
Professional Services - IT	744,977	7,199,529	647,450	637,190	7,199,734	647,540	796,234	7,137,899	674,494	607,186	7,137,830	674,958	13,959,815	
Non-Capital IT Purchases	200,000	200,000	230,000	230,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	2,400,000	
Recruiting	5,000	-	2,958	-	2,258	5,000	2,708	-	2,410	-	2,258	-	22,592	
Dues & Subscriptions	178,822	7,386	8,031	10,894	7,376	24,931	8,991	7,341	10,333	10,731	8,358	9,766	292,954	
Occupancy	108,016	51,272	139,379	109,379	109,379	109,379	109,379	110,183	110,183	110,183	110,183	110,513	1,257,426	
Administrative	12,170	9,775	10,595	12,595	9,295	11,125	15,858	9,115	10,515	13,275	9,015	8,015	131,448	
Other Income & Expense	16,540	1,000	1,000	1,000	1,030	4,500	1,000	1,200	1,300	1,000	1,000	1,000	29,000	
Capital Purchases	25,000	-	-	25,000	-	-	275,000	-	-	25,000	-	-	290,000	
Total Expenditures	2,353,481	3,269,255	3,743,755	3,514,798	3,060,255	3,598,843	2,935,216	3,022,713	3,676,633	3,866,311	3,347,886	3,742,386	37,349,329	
Net	Revenue	\$4,325,295	\$4,600,543	\$4,074,017	\$4,091,898	\$4,082,297	\$4,092,018	\$4,104,259	\$4,401,543	\$4,097,587	\$4,087,457	\$4,076,034	\$4,805,034	\$48,340,069
Cash Flow	\$1,871,911	\$791,887	\$2,292,261	\$2,567,190	\$1,022,042	\$2,493,775	\$2,399,043	\$1,678,832	\$2,221,346	\$2,221,346	\$728,718	\$2,323,217	\$2,323,217	\$21,600,740
Reserve Months	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Target	Revenue	\$3,396,588	\$3,666,905	\$3,509,210	\$3,536,827	\$3,549,134	\$3,560,819	\$3,604,156	\$3,610,358	\$3,614,657	\$3,614,425	\$3,610,983	\$3,606,373	\$42,601,634
Cash Flow	\$1,343,107	\$197,548	\$1,717,455	\$2,021,829	\$488,879	\$1,961,976	\$1,588,940	\$587,648	\$1,538,024	\$1,748,314	\$263,098	\$1,864,487	\$1,864,487	\$15,431,305
Reserve Months	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF

BUDGET 50

	Bm Items - 2015												2015
	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	2015
Communications & Outreach	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Compensation	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Benefits	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Training/Travel	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Administrative Supplies	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Telecom	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Professional Services - Non-IT	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Professional Services - IT	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Non-Capital IT Purchases	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Recruiting	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Dues & Subscriptions	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Occupancy	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Administrative	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Other Income & Expense	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Capital Purchases	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Total Expenditures	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
New Low	Revenue	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Cash Flow	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Reserve Months	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
New Mid	Revenue	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Cash Flow	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF
Reserve Months	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF	REF

	Forecast - 2016												2016 Expenditure
Department	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	2016 Expenditure
IT	1,115,250	2,389,342	838,513	817,942	2,389,342	838,313	1,116,700	2,323,593	815,512	817,942	2,323,595	815,612	16,501,555
COIN	354,400	202,350	332,550	239,400	302,350	202,350	304,400	182,350	302,350	503,400	402,350	202,350	3,264,400
PRE	266,401	254,846	254,166	154,166	154,166	166,962	143,129	153,886	287,886	254,846	253,886	253,886	2,990,226
Finance	22,599	22,505	22,505	2,255	4,240	15,859	7,259	4,305	4,305	7,255	4,505	5,480	132,590
Svc. Ctr	381,056	200,300	210,200	50,300	50,300	105,300	101,700	100,300	100,600	200,300	200,300	100,300	1,994,060
Admin/OPS	12,720	106,236	8,640	111,280	6,230	109,180	11,480	106,236	7,580	114,480	6,230	107,480	795,539
HR	16,743	3,987	5,655	1,605	5,655	3,897	6,755	3,987	5,655	4,397	5,655	3,987	67,238
Shop	21,495	1,748	4,340	19,000	1,730	7,340	17,150	7,200	6,490	17,090	1,750	2,400	102,550
Facilities	156,151	85,170	142,777	143,430	142,777	142,777	409,777	143,799	142,530	146,070	146,167	149,361	1,940,670
Exit	7,670	3,420	3,420	3,420	3,420	3,420	3,420	3,420	3,420	3,420	3,420	3,420	45,290
CRIM	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	2,984,481	3,269,255	3,743,755	3,514,798	3,060,255	3,598,843	2,935,216	3,022,713	3,676,633	3,866,311	3,347,886	3,742,386	27,249,329

2018 Budget vs Actual Data - Months Jan to Dec. Includes categories like Information Technology, Communications & Outreach, and Professional Services.

2019 Budget vs Actual Data - Months Jan to Dec. Includes categories like Information Technology, Communications & Outreach, and Professional Services.

2018 Monthly Detailed Data - Months Jan to Dec. Includes categories like Compensation, Benefits, Training Travel, and Administrative Expenses.

OBM Cost per Amy's spreadsheet - Months Jan to Dec. Includes categories like Oracle Core Software Support & Maintenance, Oracle Application Software Support & Maintenance, and Oracle HR, Legal & Management.

Business Development Contract - Months Jan to Dec. Includes categories like Capex, Oracle, Oracle Cloud, Oracle Applications, Oracle People, Oracle PeopleSoft, Oracle Customer, and Oracle Total.

Facilities and Benefits - Months Jan to Dec. Includes categories like Salaries, Benefits, and Facilities.

PROFESSIONAL SERVICES TOTAL - Months Jan to Dec. Includes categories like Legal, Consulting, and Other Professional Services.

OPERATIONS & MAINTENANCE - Months Jan to Dec. Includes categories like Oracle Core Software Support & Maintenance, Oracle Application Software Support & Maintenance, and Oracle HR, Legal & Management.

BUDGET TOTAL BY MONTH, CUMULATIVE BUDGET TOTAL, and TARGET BUDGET vs ACTUAL DATA. Includes a final summary row for CUMULATIVE BUDGET TOTAL.

Policy, Research, and Evaluation													2014
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	
Communications & Outreach	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensation	41,843	46,982	45,482	51,830	51,330	51,330	51,330	41,580	41,580	41,580	41,580	41,580	547,527
Benefits	19,507	16,020	15,829	23,099	23,099	23,099	23,099	18,711	18,711	18,711	18,711	18,711	237,305
Training Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative-Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Telecom	210	250	210	210	210	210	90	90	90	90	90	90	1,840
Professional Services - Non IT	-	47,176	-	-	78,406	-	62,903	-	-	-	-	-	188,485
Professional Services - IT	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Capital IT Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Recruiting	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues & Subscriptions	-	49	49	-	-	-	-	-	-	-	-	-	98
Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative	74	-	281	150	150	150	150	150	150	150	150	150	1,705
Other Income & Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	61,634	110,477	61,851	74,789	153,195	74,789	137,572	60,531	60,531	60,531	60,531	60,531	976,360

Policy, Research, and Evaluation													2014
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	
Compensation:													
	11,060	11,060	11,060	11,060	11,060	11,060	11,060	11,060	11,060	11,060	11,060	11,060	132,726
	7,720	8,104	7,720	7,720	7,720	7,720	7,720	7,720	7,720	7,720	7,720	7,720	98,023
	5,644	5,644	5,644	5,644	5,644	5,644	5,644	5,644	5,644	5,644	5,644	5,644	67,726
	6,060	6,060	6,060	6,060	6,060	6,060	6,060	6,060	6,060	6,060	6,060	6,060	72,726
	4,812	4,601	4,601	4,601	4,601	4,601	4,601	4,601	4,601	4,601	4,601	4,601	55,421
	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	77,936
	5,248	5,018	-	-	-	-	-	-	-	-	-	-	10,266
	-	-	3,500	3,500	3,500	3,500	3,500	-	-	-	-	-	17,500
	5,990	5,882	6,250	6,250	6,250	6,250	6,250	-	-	-	-	-	43,122
Total	53,030	52,864	51,330	51,330	51,330	51,330	51,330	41,580	41,580	41,580	41,580	41,580	570,444

Benefits:	23,863	23,789	23,099	23,099	23,099	23,099	23,099	18,711	18,711	18,711	18,711	18,711	256,700
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Professional Services:													2014
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	
Providence CORE	-	47,176	62,903	-	62,303	-	62,903	-	-	-	-	-	235,885
Q-Corps	-	-	-	-	15,503	-	-	-	-	-	-	-	15,503
Other?	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	47,176	62,903	-	78,406	-	62,903	-	-	-	-	-	251,388

Policy, Research, and Evaluation													2014
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	
Communications & Outreach	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensation	41,843	46,982	51,330	51,330	51,330	60,065	33,860	33,860	33,860	33,860	33,860	33,860	506,043
Benefits	19,507	16,020	23,099	23,099	23,099	27,029	15,237	15,237	15,237	15,237	15,237	15,237	223,275
Training Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative-Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Telecom	210	250	210	210	210	210	210	210	210	210	210	210	2,560
Professional Services - Non IT	-	47,176	62,903	-	78,406	-	62,903	-	-	-	-	-	251,388
Professional Services - IT	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Capital IT Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Recruiting	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues & Subscriptions	-	49	-	-	-	10,000	-	-	-	-	-	-	10,049
Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative	74	-	150	150	150	150	150	150	150	150	150	150	1,574
Other Income & Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	61,634	110,477	137,692	74,789	153,195	97,455	112,360	49,457	49,457	49,457	49,457	49,457	994,888

Policy, Research, and Evaluation													2014
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	
Compensation:													
	11,060	11,060	11,060	11,060	11,060	11,060	11,060	11,060	11,060	11,060	11,060	11,060	132,726
	7,720	8,104	7,720	7,720	7,720	11,580	-	-	-	-	-	-	50,563
	5,644	5,644	5,644	5,644	5,644	5,644	5,644	5,644	5,644	5,644	5,644	5,644	67,726
	6,060	6,060	6,060	6,060	6,060	6,060	6,060	6,060	6,060	6,060	6,060	6,060	72,726
	4,812	4,601	4,601	4,601	4,601	4,601	4,601	4,601	4,601	4,601	4,601	4,601	55,421
	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	77,936
	5,248	5,018	-	-	-	-	-	-	-	-	-	-	10,266
	-	-	3,500	3,500	3,500	5,250	-	-	-	-	-	-	17,500
	5,990	5,882	6,250	6,250	6,250	9,375	-	-	-	-	-	-	39,897
Total	53,030	52,864	51,330	51,330	51,330	60,065	33,860	33,860	33,860	33,860	33,860	33,860	523,111

Benefits:	23,863	23,789	23,099	23,099	23,099	27,029	15,237	15,237	15,237	15,237	15,237	15,237	235,400
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Professional Services:													2014
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	
	-	47,176	62,903	-	62,303	-	62,903	-	-	-	-	-	235,885
	-	-	-	-	15,503	-	-	-	-	-	-	-	15,503
Total	-	47,176	62,903	-	78,406	-	62,903	-	-	-	-	-	251,388

Risks:
Down to 2 FTE in Appeals group
No quality metrics, one year savings as will be required for 2015
Minimal/no OAH budget (may be some in Ops)

	All Operations												
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
Communications & Outreach	(840)	3,047	174	6,500	6,500	11,500	5,500	-	5,000	-	-	5,000	42,381
Compensation	666,502	582,545	612,088	643,743	642,000	641,450	627,907	566,736	566,736	600,826	600,826	600,826	7,352,185
Benefits	280,560	253,305	251,862	289,684	288,900	288,653	282,558	255,031	255,031	270,372	270,372	270,372	3,256,699
Training Travel	-	-	-	500	500	1,500	500	-	-	-	-	-	3,000
Administrative-Supplies	45,612	72,537	174,724	100,000	50,250	50,000	52,000	50,250	50,000	50,000	75,250	100,000	870,623
Telecom	109,400	72,073	2,770	111,550	61,550	61,550	61,210	61,210	61,210	61,210	111,210	111,210	886,153
Professional Services - Non IT	1,387,682	792,275	1,560,263	1,405,500	1,413,600	875,500	515,000	743,100	708,000	635,000	633,100	698,000	11,367,020
Professional Services - IT	-	36,770	8,912	-	30,000	-	-	30,000	-	-	30,000	-	135,582
Non-Capital IT Purchases	-	-	79	-	-	5,000	5,000	-	-	-	-	-	10,079
Recruiting	-	7,366	28	2,250	2,250	2,250	250	250	250	250	250	250	15,644
Dues & Subscriptions	-	30	776	-	-	1,400	1,400	-	-	700	-	-	4,306
Occupancy	92,475	112,250	134,840	116,915	116,865	116,915	121,993	122,827	122,777	122,827	122,777	123,149	1,426,610
Administrative	222	1,141	1,141	680	980	5,030	680	980	4,530	680	980	4,530	21,574
Other Income & Expense	2,039	2,354	2,719	5,000	4,000	4,000	4,000	5,000	4,000	4,000	4,000	5,000	46,112
Capital Purchases	-	-	-	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	13,500
Total	2,583,652	1,935,693	2,750,276	2,683,822	2,618,895	2,066,248	1,679,498	1,836,884	1,779,034	1,747,365	1,850,265	1,919,837	25,451,468

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Finance, Billing and Reconciliation

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
Communications & Outreach	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensation	86,284	75,694	79,962	68,353	73,353	73,353	73,353	73,353	73,353	73,353	73,353	73,353	897,117
Benefits	34,285	30,690	30,723	30,759	33,009	33,009	33,009	33,009	33,009	33,009	33,009	33,009	390,528
Training Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative-Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Telecom	90	90	90	90	90	90	90	90	90	90	90	90	1,080
Professional Services - Non IT	15,000	5,249	13,397	-	-	-	125,000	-	-	-	-	-	158,646
Professional Services - IT	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Capital IT Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Recruiting	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues & Subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	-
Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative	-	-	-	30	30	30	30	30	30	30	30	30	270
Other Income & Expense	2,470	2,746	2,719	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	43,935
Capital Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	138,179	114,469	126,891	103,732	110,482	110,482	235,482	110,482	110,482	110,482	110,482	110,482	1,491,576

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
Compensation:							1						
1	9,828	9,828	9,828	9,828	9,828	9,828	9,828	9,828	9,828	9,828	9,828	9,828	117,936
2	6,162	5,146	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	55,058
3	6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	6,043	72,516
4	4,866	3,803	3,959	3,959	3,959	3,959	3,959	3,959	3,959	3,959	3,959	3,959	48,259
5	5,083	5,083	5,083	5,083	5,083	5,083	5,083	5,083	5,083	5,083	5,083	5,083	60,995
6	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	7,535	90,420
7	5,995	5,995	5,995	5,995	5,995	5,995	5,995	5,995	5,995	5,995	5,995	5,995	71,940
8	9,583	17,237	9,583	-	-	-	-	-	-	-	-	-	31,403
8	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	40,000
9	6,535	6,535	6,535	6,535	6,535	6,535	6,535	6,535	6,535	6,535	6,535	6,535	78,420
10	7,736	4,163	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	56,899
11	10,223	4,936	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	65,159
12	7,075	4,390	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	56,465
13	-	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	50,000
Total	86,664	75,694	77,936	68,353	73,353	73,353	73,353	73,353	73,353	73,353	73,353	73,353	895,471

Benefits	38,998.80	34,062	35,071	30,759	33,009	33,009	33,009	33,009	33,009	33,009	33,009	33,009	402,962
0.45													

Professional Services:	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
Temp Employeec													-
TKW		15,000	15,000										-
State of Texas taxes							125,000						-
Total		15,000	15,000				125,000						-

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Table with columns for months from Jan-14 to Dec-14 and a Total column. Rows include categories like Communications & Outreach, Compensation, Benefits, Training/Travel, Administrative Supplies, Telecom, Professional Services - Non IT, Professional Services - IT, Non-Capital IT Purchases, Recruiting, Dues & Subscriptions, Occupancy, Administrative, Other Income & Expense, Capital Purchases, and Total. Total values are 1,789,413 through 13,094,746.

Summary table with columns for months and Total. Rows include Maxims (116,062 to 705,567) and Temps (1,150,740 to 7,173,704).

Compensation:

Main data table with rows numbered 1-90. Each row contains 12 monthly values and a Total value. The values represent various compensation metrics over time, with Total values ranging from 64,459 to 3,756,041.

Summary table for Benefits with columns for months and Total. Values range from 152,390 to 1,864,386.

0.45

	Administration												2014
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
Communications & Outreach	-	-	-	-	-	-	5,000	-	-	-	-	-	5,000
Compensation	20,583	19,161	19,867	20,097	20,097	20,097	20,097	5,094	6,094	6,094	6,094	6,094	170,469
Benefits	14,407	11,165	11,499	9,044	9,044	9,044	9,044	2,742	2,742	2,742	2,742	2,742	86,957
Training Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative-Supplies	638	-	-	-	-	-	1,000	-	-	-	-	-	1,638
Telecom	90	90	90	90	90	90	-	-	-	-	-	-	540
Professional Services - Non IT	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Services - IT	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Capital IT Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Recruiting	-	166	28	250	250	250	250	250	250	250	250	250	2,444
Dues & Subscriptions	-	-	-	-	-	-	400	-	-	-	-	-	400
Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative	-	-	-	-	-	500	-	-	-	-	-	-	500
Other Income & Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	35,718	30,962	31,484	29,481	29,461	29,981	35,751	9,086	9,086	9,086	9,086	9,086	267,948

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
Compensation:													
1	4,639	3,886	4,210	4,210	4,210	4,210	4,210	-	-	-	-	-	29,575
2	9,793	9,793	9,793	9,793	9,793	9,793	9,793	-	-	-	-	-	68,551
3	3,047	3,047	3,047	3,047	3,047	3,047	3,047	3,047	3,047	3,047	3,047	3,047	36,564
4	-	3,047	3,047	3,047	3,047	3,047	3,047	3,047	3,047	3,047	3,047	3,047	33,517
Total	20,583	19,773	20,097	20,097	20,097	20,097	20,097	5,094	6,094	6,094	6,094	6,094	168,207
Benefits	14,407	8,898	9,044	9,044	9,044	9,044	9,044	2,742	2,742	2,742	2,742	2,742	82,235
0.45													
Professional Services:													
Temp Employee	-	-	-	-	-	-	-	-	-	-	-	-	-
Other?	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-

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	Training												2014
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	
Communications & Outreach	(840)	756	57	6,000	6,000	6,000	-	-	-	-	-	-	17,973
Compensation	73,170	18,755	18,715	18,421	18,421	18,421	18,421	18,421	18,421	18,421	18,421	18,421	226,429
Benefits	9,625	7,076	7,009	8,289	8,289	8,289	8,289	8,289	8,289	8,289	8,289	8,289	98,315
Training Travel	-	-	-	500	500	1,500	-	-	-	-	-	-	2,500
Administrative-Supplies	-	-	-	-	-	-	1,000	-	-	-	-	-	1,000
Telecom	40	40	40	40	40	40	40	40	40	40	40	40	480
Professional Services - Non IT	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Services - IT	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Capital IT Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Recruiting	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues & Subscriptions	-	-	328	-	-	-	-	-	-	-	-	-	328
Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative	-	-	993	-	-	1,000	-	-	1,000	-	-	1,000	3,993
Other Income & Expense	(431)	(552)	-	-	-	-	-	-	-	-	-	-	(983)
Capital Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	31,564	26,075	27,142	33,250	33,250	35,250	27,750	25,750	27,750	26,750	26,750	27,750	350,035

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
Compensation:							1						
1	6,911	6,876	6,876	6,876	6,876	6,876	6,876	6,876	6,876	6,876	6,876	6,876	82,547
2	10,052	5,918	5,918	5,918	5,918	5,918	5,918	5,918	5,918	5,918	5,918	5,918	75,150
3	6,207	5,627	5,627	5,627	5,627	5,627	5,627	5,627	5,627	5,627	5,627	5,627	68,104
Total	73,170	18,421	18,421	18,421	18,421	18,421	18,421	18,421	18,421	18,421	18,421	18,421	225,801
Benefits	9,625	8,289	8,289	8,289	8,289	8,289	8,289	8,289	8,289	8,289	8,289	8,289	100,809
0.45													
Professional Services:													
Temp Employee													-
Other?													-
Total													-

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	Human Resources												
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
Communications & Outreach	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensation	13,587	11,198	10,958	10,889	10,889	10,889	10,889	10,889	10,889	10,889	10,889	10,889	133,744
Benefits	5,733	6,290	6,209	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	62,332
Training Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative-Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Telecom	180	90	90	90	90	90	90	90	90	90	90	90	1,170
Professional Services - Non IT	-	3,100	550	-	3,100	-	-	3,100	-	-	3,100	-	12,950
Professional Services - IT	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Capital IT Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Recruiting	-	7,200	-	2,000	2,000	2,000	-	-	-	-	-	-	13,200
Dues & Subscriptions	-	-	199	-	-	-	-	-	-	-	-	-	199
Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative	-	728	-	50	50	50	50	50	50	50	50	50	1,178
Other Income & Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	19,500	28,606	18,006	17,929	21,029	17,929	15,929	19,029	15,929	15,929	19,029	15,929	224,773

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
Compensation:							1						
1	5,644	5,644	5,644	5,644	5,644	5,644	5,644	5,644	5,644	5,644	5,644	5,644	67,728
2	5,245	5,245	5,245	5,245	5,245	5,245	5,245	5,245	5,245	5,245	5,245	5,245	62,940
3	2,698	-	-	-	-	-	-	-	-	-	-	-	2,698
Total	13,587	10,889	10,889	10,889	10,889	10,889	10,889	10,889	10,889	10,889	10,889	10,889	133,366
Benefits	6,114	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	60,015
0.45													
Professional Services:													
Temp Employee													-
Other?	-	3,100	-	-	3,100	-	-	3,100	-	-	3,100	-	12,400
Total	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	12,400

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Product Operations - SHOP

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
Communications & Outreach	-	-	-	500	500	500	-	-	-	-	-	-	1,500
Compensation	99,479	100,442	100,451	100,443	100,443	93,150	93,150	93,150	93,150	93,150	93,150	93,150	1,153,308
Benefits	43,107	36,667	36,355	45,199	45,199	41,918	41,918	41,918	41,918	41,918	41,918	41,918	499,950
Training Travel	-	-	-	-	-	-	500	-	-	-	-	-	500
Administrative-Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Telecom	650	650	650	650	650	650	400	400	400	400	400	400	6,300
Professional Services - Non IT	-	4,410	19,310	2,500	2,500	2,500	-	-	-	-	-	-	31,220
Professional Services - IT	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Capital IT Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Recruiting	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues & Subscriptions	-	-	-	-	-	100	-	-	-	-	-	-	100
Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative	-	-	-	-	300	-	-	300	-	-	300	-	900
Other Income & Expense	-	-	-	1,000	-	-	-	1,000	-	-	-	1,000	3,000
Capital Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Dept Forecasts	143,236	142,169	156,766	150,292	149,592	138,818	135,968	136,768	135,468	135,468	135,768	136,468	1,696,778

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
Compensation							1						
1	9,002	9,002	9,002	9,002	9,002	9,002	9,002	9,002	9,002	9,002	9,002	9,002	108,024
2	5,490	5,210	5,210	5,210	5,210	5,210	5,210	5,210	5,210	5,210	5,210	5,210	62,760
3	8,769	8,769	8,769	8,769	8,769	8,769	8,769	8,769	8,769	8,769	8,769	8,769	105,228
4	11,658	10,245	10,245	10,245	10,245	10,245	10,245	10,245	10,245	10,245	10,245	10,245	124,353
5	7,091	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	78,536
6	6,793	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	78,238
7	6,793	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	78,238
8	1,606	1,852	1,852	1,852	1,852	1,852	1,852	1,852	1,852	1,852	1,852	1,852	21,372
9	7,347	6,727	6,727	6,727	6,727	6,727	6,727	6,727	6,727	6,727	6,727	6,727	81,344
10	7,091	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	6,495	78,536
11	6,254	5,727	5,727	5,727	5,727	5,727	5,727	5,727	5,727	5,727	5,727	5,727	69,251
12	3,473	3,583	3,583	3,583	3,583	3,583	3,583	3,583	3,583	3,583	3,583	3,583	42,886
13	6,967	6,661	6,661	6,661	6,661	6,661	6,661	6,661	6,661	6,661	6,661	6,661	80,238
14	10,692	9,394	9,394	9,394	9,394	9,394	9,394	9,394	9,394	9,394	9,394	9,394	114,026
15	7,630	7,293	7,293	7,293	7,293	-	-	-	-	-	-	-	36,802
Total	106,010	100,443	100,443	100,443	100,443	93,150	93,150	93,150	93,150	93,150	93,150	93,150	1,159,832

Benefits	47,705	45,199	45,199	45,199	45,199	41,918	41,918	41,918	41,918	41,918	41,918	41,918	521,924
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0.45

Professional Services:	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
Temp Employees	-	331	2,500	2,500	2,500	2,500	-	-	-	-	-	-	10,331
Other?	-	-	-	-	-	-	-	-	-	-	-	-	-
CTS Language Link	-	4,080	-	-	-	-	5,000	-	-	-	-	5,000	14,080
Total	-	4,411	2,500	2,500	2,500	2,500	5,000	-	-	-	-	5,000	24,411

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	Facilities												2014
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
Communications & Outreach	-	-	-	-	-	-	-	-	-	-	-	-	-
Compensation	14,556	13,932	14,085	14,074	14,074	14,074	14,074	11,194	11,194	11,194	11,194	11,194	154,839
Benefits	6,432	7,024	6,973	6,333	6,333	6,333	6,333	5,037	5,037	5,037	5,037	5,037	70,949
Training Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative-Supplies	44,974	72,531	174,724	100,000	50,000	50,000	50,000	50,000	50,000	50,000	75,000	100,000	867,229
Telecom	107,760	70,573	1,010	110,000	60,000	60,000	60,000	60,000	60,000	60,000	110,000	110,000	869,293
Professional Services - Non IT	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000
Professional Services - IT	-	36,770	8,812	-	30,000	-	-	30,000	-	-	30,000	-	135,582
Non-Capital IT Purchases	-	-	79	-	-	5,000	-	-	-	-	-	-	5,079
Recruiting	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues & Subscriptions	-	-	-	-	-	-	1,000	-	-	-	-	-	1,000
Occupancy	92,475	112,250	134,840	116,915	116,865	116,915	121,993	122,827	122,777	122,827	122,777	123,149	1,426,610
Administrative	48	162	58	200	200	200	200	200	200	200	200	200	2,068
Other Income & Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Purchases	-	-	-	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	13,500
Total	266,245	313,192	340,581	349,022	278,972	264,022	255,100	280,758	250,708	250,758	335,708	351,080	3,556,149

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
Compensation:							1						
1	6,485	6,485	6,485	6,485	6,485	6,485	6,485	6,485	6,485	6,485	6,485	6,485	77,820
2	5,079	4,567	4,709	4,709	4,709	4,709	4,709	4,709	4,709	4,709	4,709	4,709	56,736
3	2,993	2,880	2,880	2,880	2,880	2,880	2,880	-	-	-	-	-	20,273
Total	14,557	13,932	14,074	14,074	14,074	14,074	14,074	11,194	11,194	11,194	11,194	11,194	154,829
Benefits	6,551	6,269	6,333	6,333	6,333	6,333	6,333	5,037	5,037	5,037	5,037	5,037	69,673
0.45													
Occupancy													
Durham	53,115	53,115	51,615	51,615	51,615	51,615	56,743	56,743	56,743	56,743	56,743	56,743	653,148
Salem	29,486	50,846	45,166	52,666	52,666	52,666	52,666	53,450	53,450	53,450	53,450	53,772	603,734
Utilities	7,100	6,160	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	78,260
Recycling	-	72	-	50	-	50	-	50	-	50	-	50	322
Janitorial	-	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084	11,924
Security	2,774	917	-	-	-	-	-	-	-	-	-	-	3,691
Keys & Locks	-	56	-	-	-	-	-	-	-	-	-	-	56
Other?	-	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	50,000
Total	92,475	112,250	109,365	116,915	116,865	116,915	121,993	122,827	122,777	122,827	122,777	123,149	1,401,135

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	Executive												
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
Communications & Outreach	809	-	-	-	-	-	1,000	-	-	-	-	-	1,809
Compensation	57,406	62,257	40,814	40,263	54,723	54,723	30,168	27,288	27,288	27,288	27,288	27,288	476,794
Benefits	17,944	19,476	17,819	18,118	24,625	24,625	13,576	12,280	12,280	12,280	12,280	12,280	197,582
Training Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative-Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Telecom	170	170	80	170	170	170	90	90	90	90	90	90	1,470
Professional Services - Non IT	-	3,850	258,319	79,000	218,000	104,000	100,000	75,000	75,000	50,000	50,000	50,000	1,063,169
Professional Services - IT	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Capital IT Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Recruiting	-	15,000	15,000	-	-	-	-	-	-	-	-	-	30,000
Dues & Subscriptions	-	38	53	-	-	1,000	-	-	-	-	-	-	1,091
Occupancy	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative	1,591	1,119	2,283	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	13,993
Other Income & Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	77,920	101,910	334,368	138,351	298,518	185,518	145,834	115,658	115,658	90,658	90,658	90,658	1,785,908

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
Compensation:							1						
1	14,495	14,460	14,460	14,460	14,460	14,460	-	-	-	-	-	-	86,795
1	-	-	-	-	14,460	14,460	14,460	14,460	14,460	14,460	14,460	14,460	115,680
2	5,128	5,128	5,128	5,128	5,128	5,128	5,128	5,128	5,128	5,128	5,128	5,128	61,536
3	10,095	10,095	10,095	10,095	10,095	10,095	-	-	-	-	-	-	60,570
4	7,770	7,770	7,770	7,770	7,770	7,770	7,770	7,700	7,700	7,700	7,700	7,700	92,890
5	3,827	3,137	2,810	2,810	2,810	2,810	2,810	-	-	-	-	-	21,014
1	16,091	21,968	-	-	-	-	-	-	-	-	-	-	37,759
Total	57,406	62,258	40,263	40,263	54,723	54,723	30,168	27,288	27,288	27,288	27,288	27,288	476,244
*LD Staff													
Benefits	17,944	28,016	18,118	18,118	24,625	24,625	13,576	12,280	12,280	12,280	12,280	12,280	206,421
0.45													
Professional Services:													
Artemis Consulting	-	3,850	4,000	4,000	4,000	4,000	-	-	-	-	-	-	19,850
Hamstreet	-	-	-	75,000	100,000	100,000	100,000	75,000	75,000	50,000	50,000	50,000	675,000
1st Data	-	-	-	-	114,000	-	-	-	-	-	-	-	114,000
Total		3,850	4,000	79,000	218,000	104,000	100,000	75,000	75,000	50,000	50,000	50,000	808,850

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Planning the Go Forward

Utilizing Federal Facilitated Marketplace Technology

The Go-Forward Plan

2014 Operations

- State retains responsibility for 2014 Operations through 12/31/2014, including:
 - QHP Change in Circumstances/Life Events/New to Oregon Enrollees (CO)
 - Continued 2014 Medicaid Enrollments (CO or OHA)
 - 1 Million Medicaid Redeterminations (CO or OHA)

2015 QHP Using FFM

- By November 15, 2014, Transfer QHP Eligibility & Enrollment to FFM, including portal & call center
- State retains:
 - Front-end consumer outreach & education, including tribal consults
 - Initial QHP plan management & some QHP oversight

2015 Medicaid Using FFM

- By November 15, 2014, Transfer Medicaid Assessment to FFM
- OHA retains:
 - Front-end consumer outreach & education, including tribal consults
 - Medicaid portal (New) & call center
 - Medicaid determinations, enrollments, notices, redeterminations, and appeals

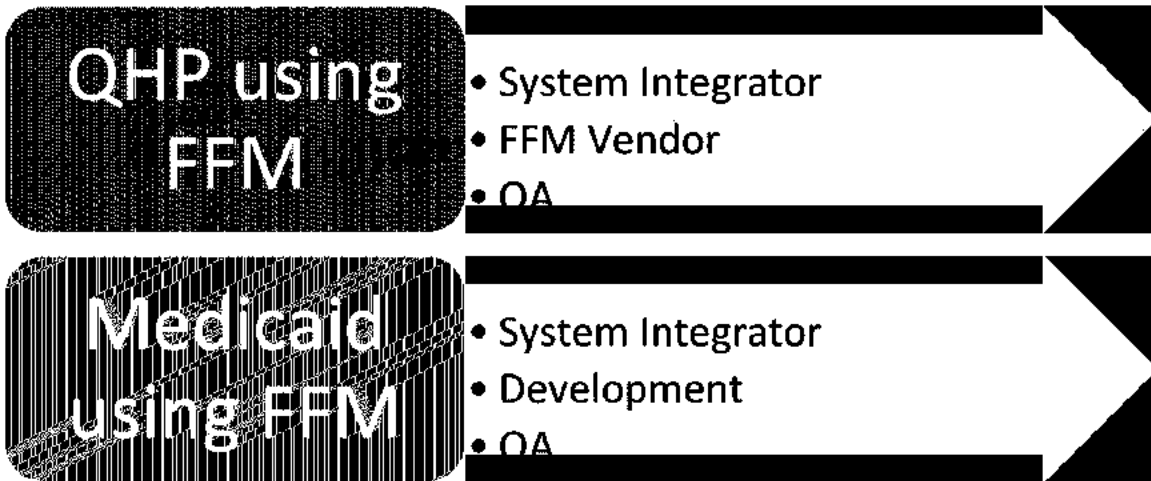
Consumer & Stakeholder Management

Exchange Function	FFM	Oregon	Oregon Health Authority
Stakeholder Consultation		X	X
Tribal Consultation		X	X
Outreach & Education		X	X
Navigators	X		
In-Person Assister Program		X	X
Licensure for Agents/Brokers		X	
Registration/Training Agents/Brokers on FFM	X		
Web Brokers	X		
Call Center	X (QHP & Initial OHP)		X (OHP)
Public Website Portal	X	?? For consumer ed?	X (OHP)

QHP Plan Management

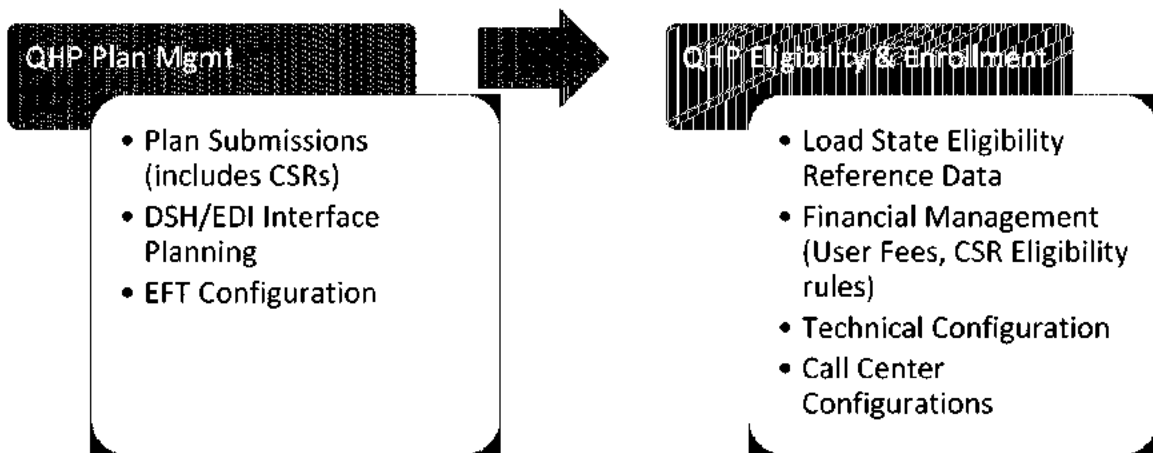
Exchange Function	FFM	Cover Oregon	Oregon Health Authority
Review of QHPs (incl. data accuracy of Rate Setting)		X	
Provide recommendations for certification		X	
Systems for QHP Review		X	
Final Approval Certification/Recertification of QHPs	X		
System to receive data for Certifications and Display on Plan Compare (through SERFF)	X		
QHP Compliance & Oversight	X	X	
Timelines for QHP Certification	X		
Quality Reporting (Follow up)	X (any display on plan compare)	X(? Align to State Metric Work)	

Contractors



Note: Both efforts will use a single System Integrator

QHP Planning Efforts with FFM



Proposed QHP Certifying Timelines

- Timeline driven by Rate Setting Timeline – (may need to be adjusted for CMS FFM required timelines)
- Carrier Submissions – June 2
- State Review and Carriers Notified of Rate - early August
- Final Rate Decision Summary – mid-September

Proposed QHP Using FFM Project Roles

- Project Manager
- Architect/Technical Lead
- CO Business Lead – Plan Management & Oversight
- CO Business Lead – Consumer Outreach & Education

High Level Roadmap – QHP Using FFM

- Need timeline slide here for QHP work

Medicaid Using FFM

Approach for Medicaid Eligibility Project

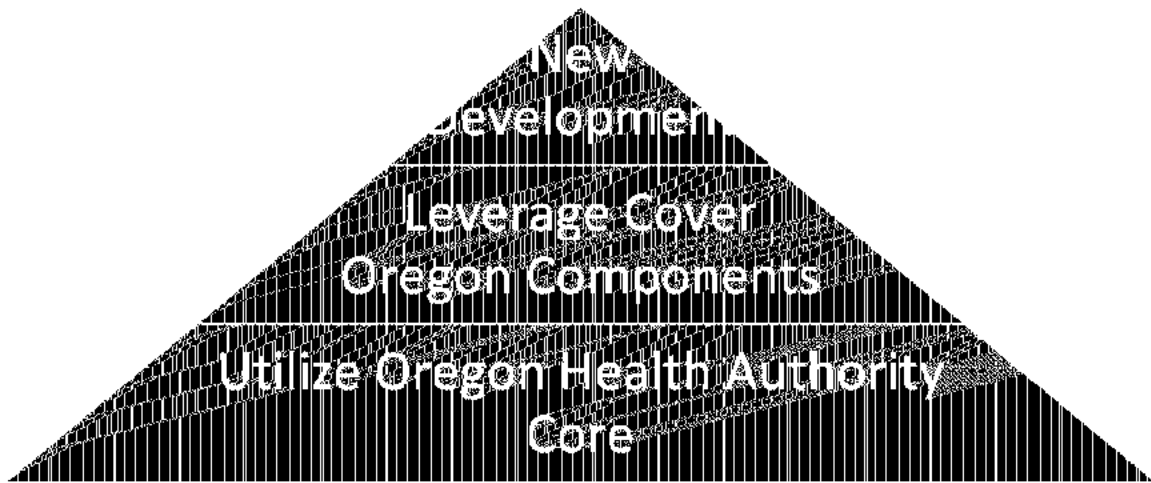
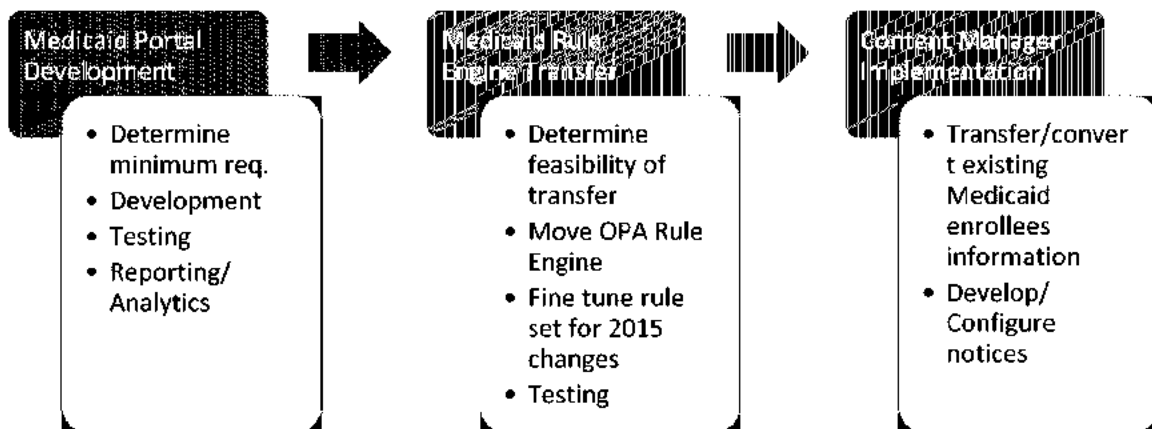


Chart Comparing CO basic function and OHA basic function

Cover Oregon System	OHA System
Underlying Data Model focuses on Eligibility & Enrollment only	Underlying Data Model focuses on Case Management
Interfaces to CMS Hub	Interfaces to MMIS
Etc	etc

Planning Efforts with Oregon Health Authority

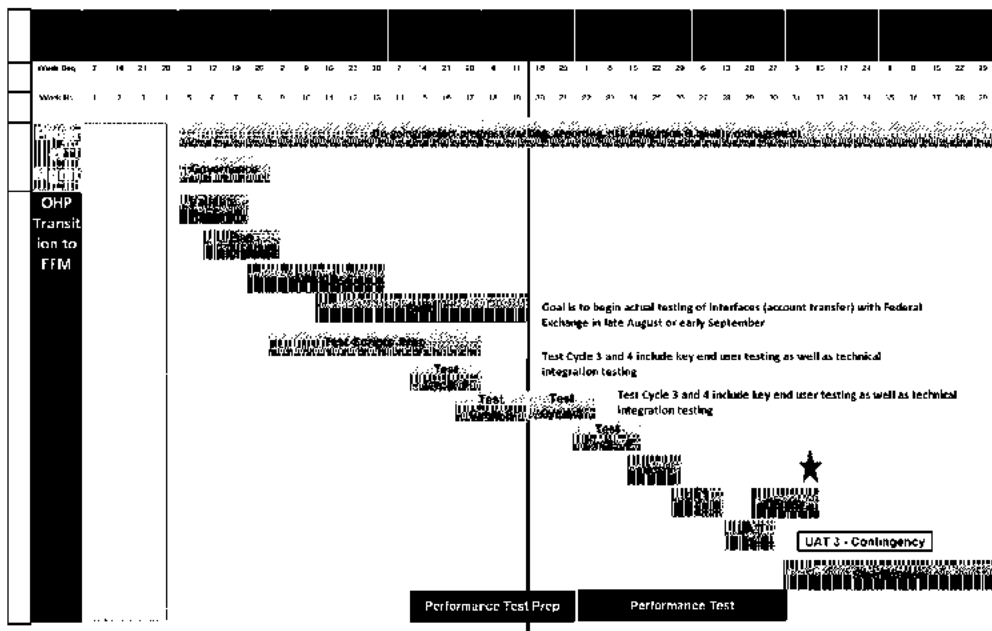


Proposed Medicaid Determination Project Roles

- Medicaid Director/Deputy Director
- Project Manager
- Architect/Technical Lead
- Testing Lead – System & UAT
- Business Process Mapping Lead
- Medicaid Enrollment & Eligibility Business Lead
- Medicaid Redeterminations Business Lead
- FFM Interface Business Lead
- Medicaid Portal Content Business Lead
- Medicaid Program Integrity Lead
- Reporting Lead – Data Guru
- Field Readiness/Change Mgmt Business Lead

DRAFT

High Level Roadmap – Medicaid Transition to Federal Exchange



Medicaid Work Substantially Complete as of 8/15

- Able to determine eligibility based on FFM account transfer
- Able to pass data back & forth from Federal Exchange
- Able to complete end to end process for clients (determination, enrollment, assignment to plan, communications)
- Able to send “change of circumstances” and enable “real-time” eligibility update for the client from OHA Siebel to MMIS
- Data “conversion” from Cover Oregon to OHA is complete
- ~~5503~~ Staff at Medicaid eligibility processing center and ~~other staff~~ others are able to use additional functionality for day to day eligibility updates/client support

Medicaid to FFM Assumptions

- Deliverables will be rapid response artifacts
- Resource availability, budget and business prioritization as well as CMS guidance will determine the scope of customer-facing portal
- Reporting- minimum reports needs to be addressed with CMS/DMAP defined during Req Phase
- Data Dictionary will not be finalized due to timeline and resource constraints
- End User involvement is essential throughout process
- Rule Updates since September will be completed as critical path dependency
- Update OPA App to include all Medicaid Questions
- Client Access- cleanup of EDM UI and integration to Siebel--2 FTE through September – this work will support streamlined data entry for workers if needing to work paper application
- May not include “navigators” for initial release

Medicaid Policy Questions

- Assessment vs. Determination? For 2015? and Forward?
- Potential for continued flexibility in schedule for Medicaid redeterminations (excluding Fast-Track Applicants which we know need to be re-determined on schedule)?
- Does Oregon have to be ready to receive FFM assessment files for Medicaid eligible people by November 15? Or January 1?

OHP to OHA Budget Considerations

System Integrator

Procurement Strategy

- Direct Award with CMS Review & Approval
- Phased Deliverable-Based Contract
 - 30 day gap analysis
 - Work for November 15, 2014 (Work Order(s) Issued After Gap Analysis)
 - Long Term Solution Work (Work Order(s) Issued after November)
- Payment for Deliverable Completion Only, consider Payment Holdback Provisions
- Use Work Order Process for Changes as Needed

Contract Management

- “Doing the Work Right”
- Retrospective review of deliverables defined in contract
- QA Vendor to produce deliverable quality control checklists to review significant project deliverables against – deficiencies identified & remediated prior to submission of final
- No deliverable invoiced until final deliverable is accepted

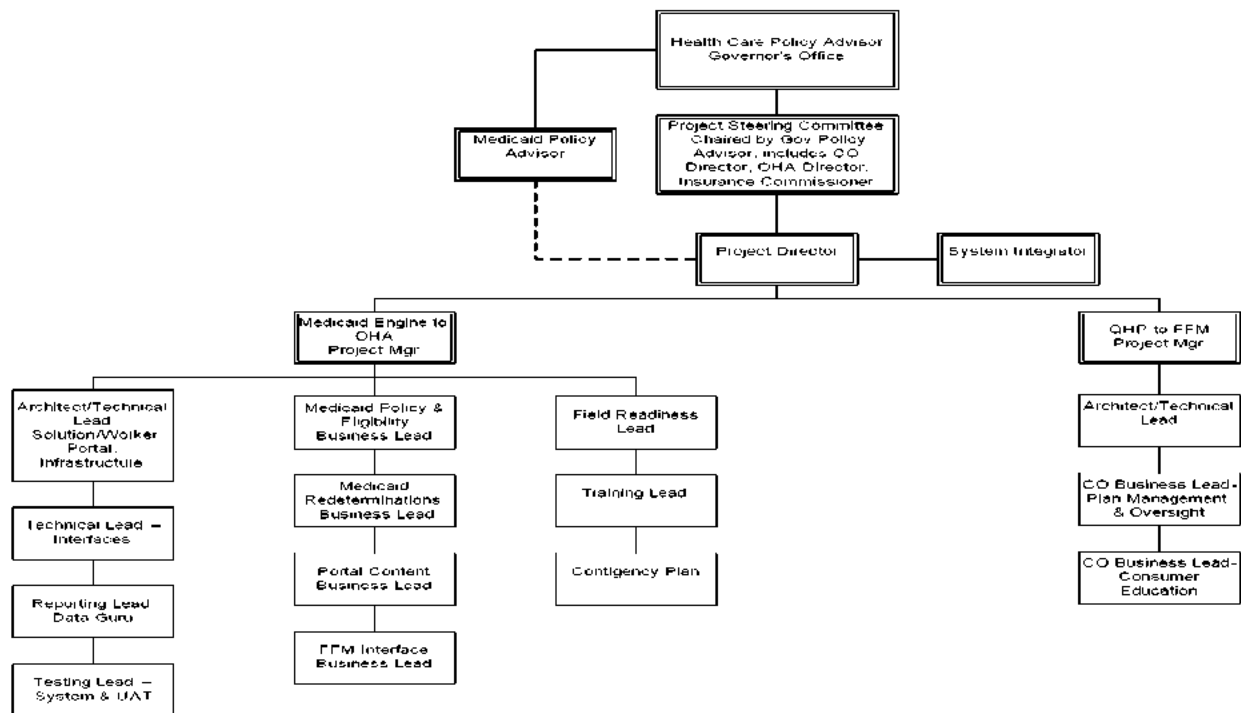
Vendor Management

- “Doing the Right Work”
- Comprehensive Vendor Oversight – proactive direction to make sure vendor team is working efficiently and effectively
- Responsibility for strategic business context setting and resolving competing priorities
- Ultimate decision maker for directing vendor work

FFM Project Structure & Governance

Key Assumptions

- Single Cross-Agency Project Team with dedicated resources that reports to Governor's Office
- Project Team will have access to operational resources at Cover Oregon, Oregon Health Authority, and other state agencies as needed to supplement work
- Single Systems Integrator Contract to coordinate both sets of work – large number of SI employees need to accomplish work in timeframe
- QA & IV&V are essential to project



Project Oversight

- Project Steering Committee (includes Medicaid Director and CO E.D.)
- Governor's Office
- CMS
- Oregon Legislature
- Quality Assurance Contractor/IV&V

DETAILED SLIDES FOR AFTERNOON
SESSIONS

Eligibility & Enrollment

Detail

Eligibility & Enrollment

Exchange Function	FFM	Cover Oregon	Oregon Health Authority
Single Application for Coverage	X		X
Eligibility Determination & ATC/CSR Calcs	X		X (MA elig)
Enrollment	X		X (MA)
Change of Circumstance/Redetermination	X		X (MA)
Notification of Determinations	X		X (MA)
Eligibility Appeals	X		X (MA)
QHP Selection & Terminations	X		
Medicaid CHIP Assessments	X		
Medicaid Assessment/Determination Interfaces	X		X
Setting Special Enrollment Periods	X		

CMS Questions:

- Do any of the states current interfaces need to be changed/shut down/redirected?
- Would the state's eligibility system be leveraged by or transferred to the Medicaid agency?
- Will the state still use the Federal Hub IRS service or other services currently being used by Cover Oregon?

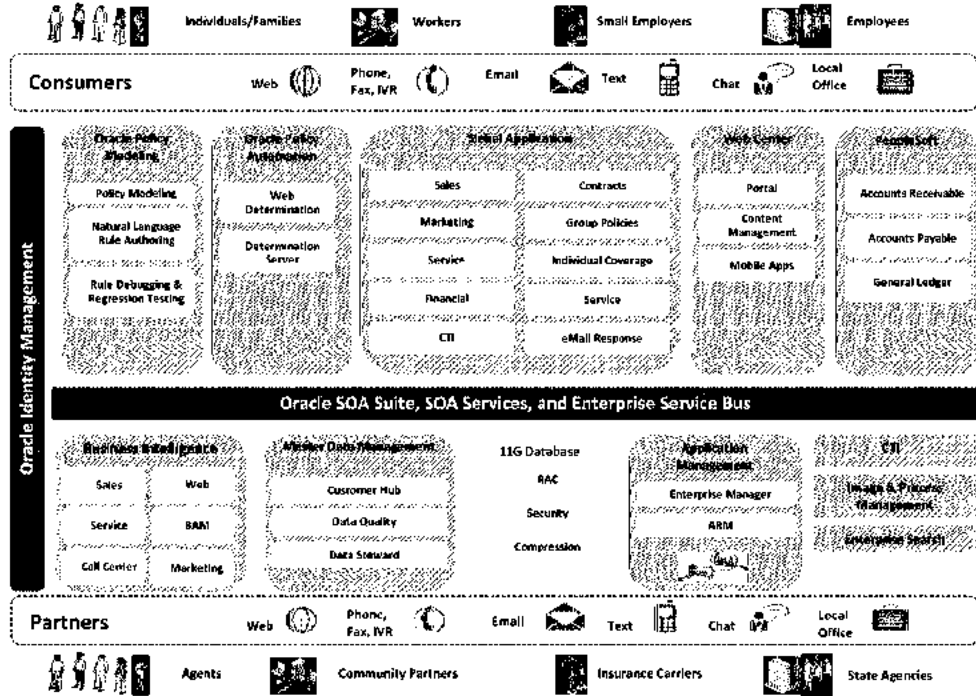
Oregon Questions

- Can more than one state entity be connected to Federal Hub for the six week overlap between 11/15/2014 and 12/31/2014?

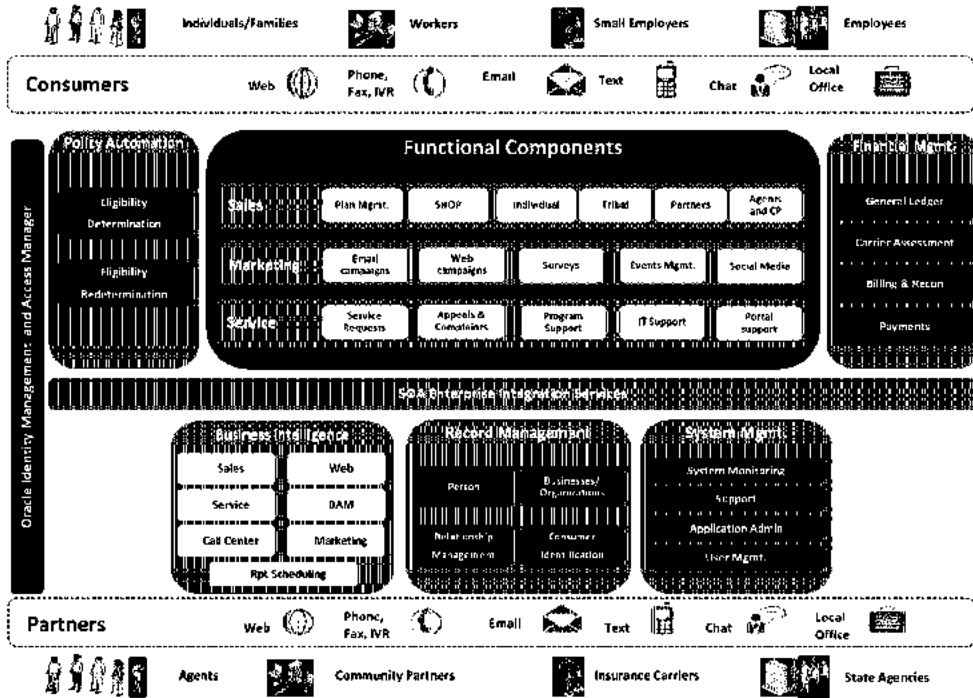
Approach for Medicaid Eligibility Project



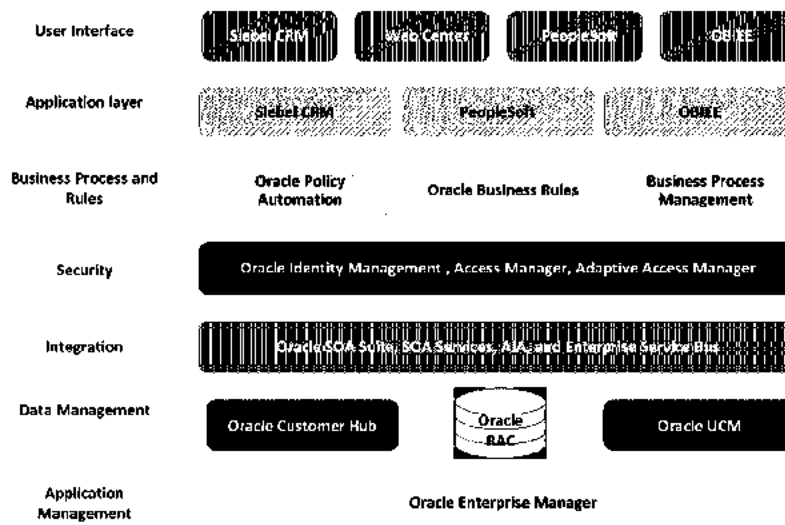
Technical Architecture



Business Function

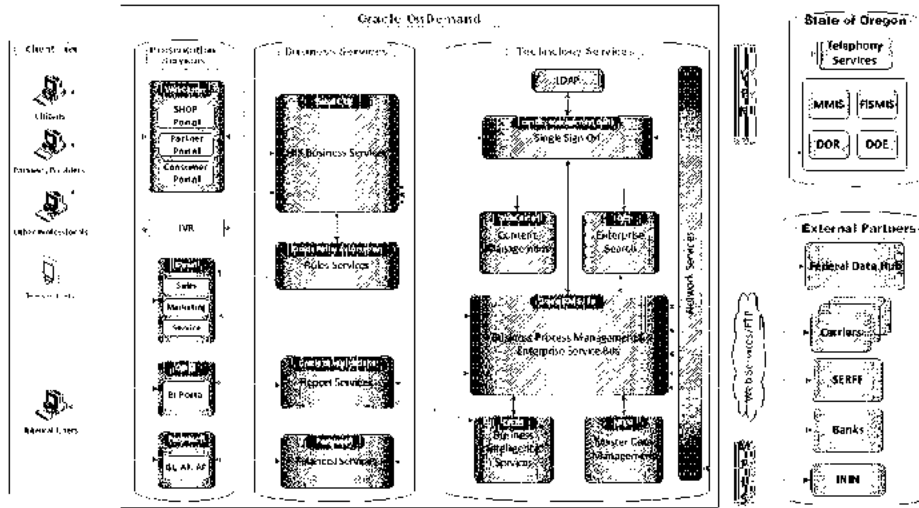


Cover Oregon Technology Stack

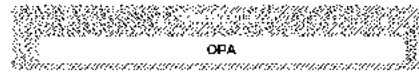


Cover Oregon Architecture

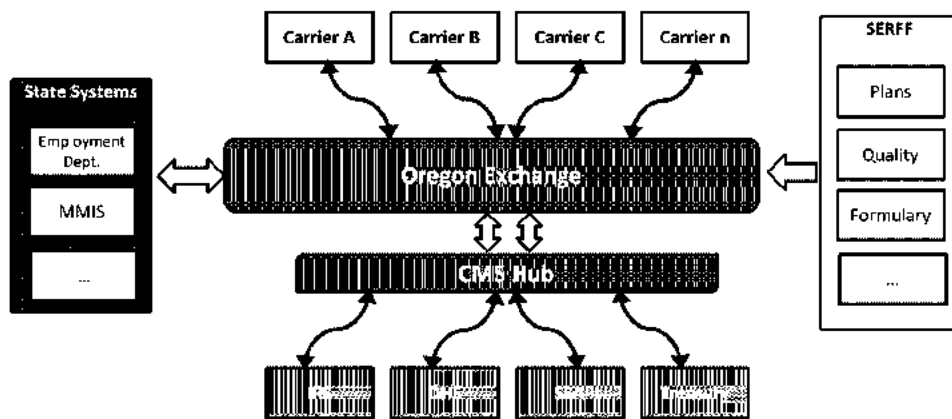
Cover Oregon and the Oregon High-Speed System Model III



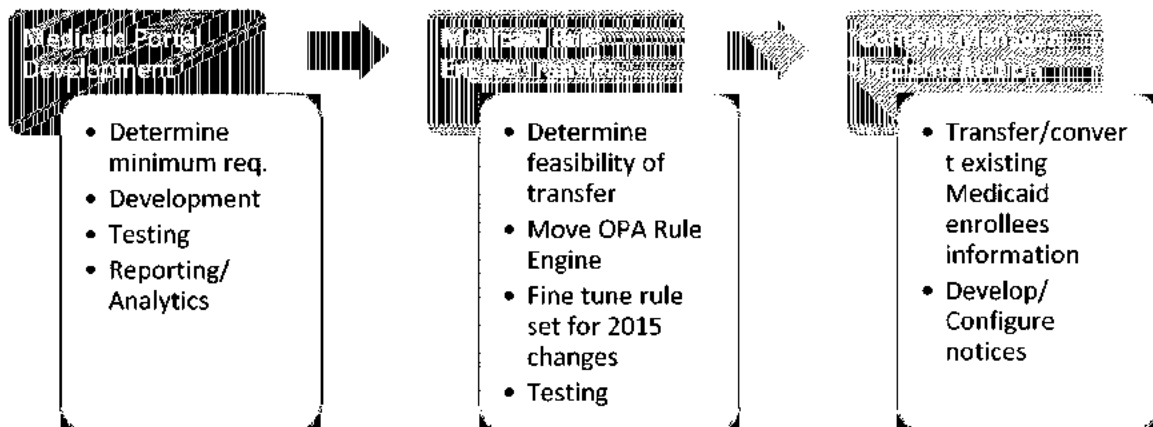
Portal Technology Stack Integrations



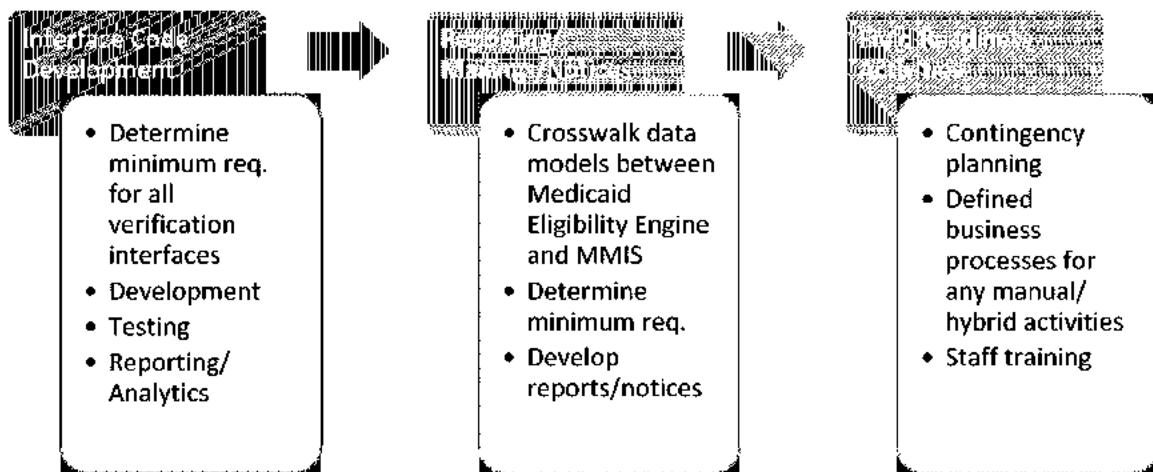
High Level Integration Approach



Planning Efforts with Oregon Health Authority



Planning Efforts with Oregon Health Authority



Existing CO Interfaces

OHA Eligibility & Enrollment

4/25/14

- Foundational Oracle infrastructure/products are in place and supporting ACA expansion/Medicaid enrollments:
 - Oracle platform, databases, and some transactional interfaces are in production;
 - OHA & Cover Oregon have same products implemented
 - Siebel
 - MDM (Master Data Management)
 - WebCenter Portal
 - OPA rules (rules “engine” and rule sets)
 - UCM (content/document management)
 - IDM/Security
 - SOA
 - Differences are in scope and completeness of implementation
 - The OHA/DHS build was based on a design that aims at a holistic (360 degree) view of the client

OHA/DHS Implementation

Because of the focus on building a holistic client record, in the original OHA/DHS implementation:

- Client contacts and cases in Siebel have a very broad range of data fields that support multiple programs across DHS & OHA; *an example of a key difference is that there are fields and logic to support multiple income calculation models, allowing different programs to meet requirements*
- OHA's implementation does not rely on session or staging tables, but instead stores the client record and adds information as changes occur in the client's circumstances;
- All fields are audited, and audit results are saved off to a separate tracking database so as not to affect performance; queries and some standard reports have been developed and are available to supervisors, managers, and others as needed.
- Client data is saved in OHA Siebel and enrollment into the Oregon Health Plan is processed via automated transactions into MMIS;
 - Assignments to CCOs happen through normal MMIS processing
- The OHA Siebel database has been pre-populated with the records of over 300,000 SNAP recipients who were eligible for Medicaid benefits (the Fast Track program);
- Real-time "matching" transactions allow for verification of existing client data in legacy systems as a client record is processed

Critical Functionality in original OHA/DHS Implementation

- Transactional Interfaces – built out in the SOA layer
- The transactional interfaces have numerous discrete segments, and complex logic.
- In some cases, the transaction could be considered a small application that is finding and reacting to certain data elements.
- Original design for the EDM transactions includes very sophisticated interactions that return selection options to clients (if there is more than one CCO in their area), as well as provide verification that their application is complete, and an informal eligibility determination
- The EDM transactions match legacy data to the new application information coming in.

OHA/DHS Transactional Interfaces: Details on Key EDMs

- **Between Cover Oregon Siebel and OHA Eligibility Data Store**
 - The "eligibility data store" is a copy of MMIS currently enrolled/eligible clients; it is refreshed daily;
 - As an application is completed in the Cover Oregon system, a "ping" is sent over to the OHA eligibility data store to see if the person is already enrolled. A "yes" or "no" is returned to Cover Oregon.
 - Cover Oregon routes the application based on the response.
- **Between OHA Siebel and MMIS**
 - enrolls eligible clients in Oregon Health Plan, via automated transaction –
 - can be real-time or batch; "batch" files are processed based on manual triggers, due to the need to clean up the data and review errors in detail before it is moved forward
- **Between OHA Siebel and MDM**
 - MDM is a copy of the legacy CI system, which has "master" client records supporting multiple programs across DHS/OHA
 - The interface between Siebel and MDM checks for existing record during pre-enrollment processing for Medicaid client;
 - If unique ID /client record match is found, this is used as the basis of the new eligibility/enrollment record being created via Cover Oregon or Fast Track;
 - If no match is found, further automated transactions between MDM and CI create a new unique ID so the client can be enrolled in OHP;
- **Between OHA MDM and CI**
 - CI updates MDM on a regular basis with an automated refresh; frequency has been increased to once per day;
 - Transactions from MDM to CI create a new record and a new unique ID (see above) for clients who have not received services from OHA or DHS in the past;

Existing OHA Interfaces

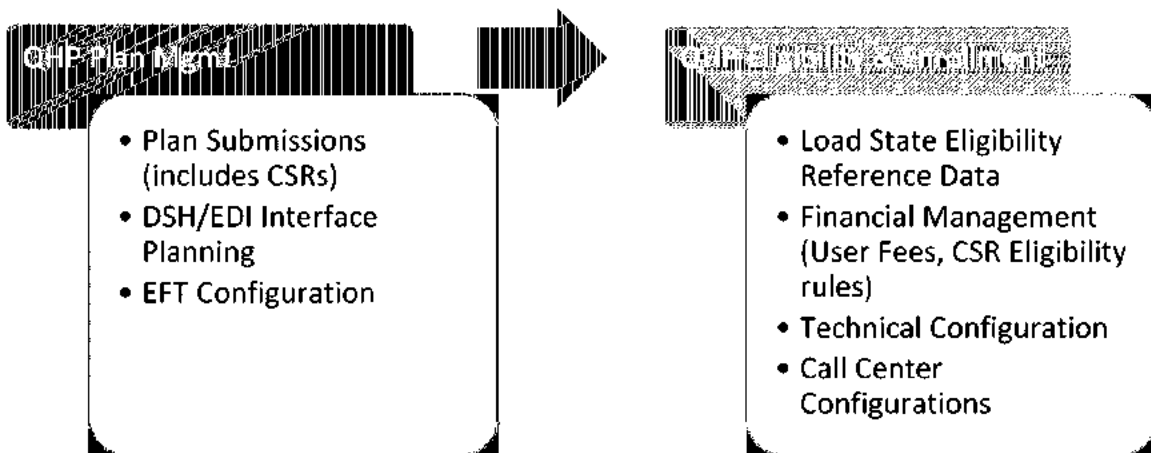
QHP Plan Management & Agency/Broker Activities

Detail

QHP Plan Management

Exchange Function	FFM	Cover Oregon	Oregon Health Authority
Review of QHPs (includes Rate Setting??)		X	
Provide recommendations for certification		X	
Systems for QHP Review		X	
Certification/Recertification of QHPs	X		
System to receive data for Certifications and Display on Plan Compare (through SERFF)	X		
QHP Compliance & Oversight	X	X	
Timelines for QHP Certification	X		
Quality Reporting (Follow up)	X (any display on plan compare)	X(?)	

QHP Planning Efforts with FFM



Proposed QHP Certifying Timelines

- Timeline driven by Rate Setting Timeline – (may need to be adjusted for CMS FFM required timelines)
- Carrier Submissions – June 2
- State Review and Carriers Notified of Rate - early August
- Final Rate Decision Summary – mid-September

- Question: Does Oregon use the same QHP Certification template that FFM accepts without modification?

QHP Issuers on FFM

- 11 of 16 (List Here)

QHP Issuers Not Currently on FFM

- CMS Question: Are your non-FFM issuers able to conduct enrollment transactions in the 834 format?
- CMS Question: Are any of your issuers currently set up to support a direct enrollment process?

Consumer Facing Activities

Detail

Consumer & Stakeholder Management

Exchange Function	FFM	Cover Oregon	Oregon Health Authority
Stakeholder Consultation		X	X
Tribal Consultation		X	X
Outreach & Education		X	X
Navigators	X		
In-Person Assister Program		X	X
Licensure for Agents/Brokers		X	
Registration/Training Agents/Brokers on FFM	X		
Web Brokers	X		
Call Center	X (QHP & Initial MA)		X (MA)
Public Website Portal	X		X (MA)

- CMS Question: Are you planning to do outreach & in-person assistance?
- CMS Question: What is your plan to refine the scope of your customer services contracts to ramp down (call center for 2014 enrollees only), transition to website focus to redirect 2015 consumers?

From: Hutchings Laura [REDACTED]
Sent: 3/26/2014 11:07:09 PM +0000
To: aaron.x.patnode [REDACTED]
sue.hansen [REDACTED]; vanpeltgreg [REDACTED]
bpeacock [REDACTED]; john.cimra [REDACTED]; ACREE
Amy * CIO [REDACTED]; iburo [REDACTED]
gjbrown [REDACTED]; bruce.wilkinson [REDACTED]
chris.blanton [REDACTED]
robin.richardson [REDACTED]; jkenagy [REDACTED]
erick.doolen [REDACTED]; mlane [REDACTED]; McKivor,
Tom [REDACTED]; jjennings [REDACTED]; PETTIT
Alex * CIO [REDACTED]; "Cvetko, John"
[REDACTED] delaRosa Triz
<tdelarosa [REDACTED]> GAMBLE Galen * GOV
[REDACTED]; "Goldberg, Bruce"
[REDACTED]; KARJALA Aaron
[REDACTED] BORDEN Richelle
[REDACTED]; KOLMER Sean P * GOV
[REDACTED] EDLUND Tina D
[REDACTED]; "Whitney, Joli"
[REDACTED]

Subject: Technology Alternatives / Cover Oregon
Attachments: final_Alternative_#9.pdf; final_Alternatives_#2and#9cont.pdf

Dear Technology Review Committee members,

Attached please find the following two documents:

- Alternative 2 with 9 contingency
- Alternative 9 only

As always, please let me know if you have any questions or difficulties opening the attachments.

Best,

Laura Hutchings [REDACTED]
[REDACTED]

Alternative 9: Immediate Move to Federally Facilitated Marketplace

Alternative Description

This alternative is for Cover Oregon to immediately move to the Federally Facilitated Marketplace (FFM)

Alternative Assumptions

1. Oregon will continue to conduct Plan Management activities
2. Maintain current technology until Q1 2015 to support 2014 Open Enrollment

High Level Schedule

The following Gantt chart provides a high-level activities schedule for the FFM migration activities.

Alternative 9 To 2015 Support Open Enrollment									
Activities	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV
CO/FFM functional gap analysis		█							
Initial understanding of FFM migration rqmts		█							
Assemble team for FFM activity analysis		█							
Carrier on-boarding			█	█					
Collect business rules			█	█					
Plan Management delivery to FFM			█						
Final Go/No Go Decision: Alt 2 or Alt 9					█				
Account transfer (in-bound/outbound)			█	█	█				
Account Transfer Testing					█	█			
Interface for MEC, SSA, etc.			█	█	█				
Carrier direct enrollments set-up			█	█	█				
Agreements reviewed & signed		█	█	█	█	█	█		
Train materials for State assistance personnel						█			
Assessment vs determination decision							█		
Outreach to existing enrollees							█		
State Legislative changes (Medicaid) TBD									
Oregon FFM Go Live									█

Cost Assumptions

Business Operations:

1. Eliminates Cover Oregon Medicaid determination, SHOP, Commissions and Appeals processing in 2015 and 2016
2. Business Operations continues current operating model through the end of calendar year 2014 to support transition and service policies but with declining staffing
3. Does not include any Information Technology Costs (see below)

Information Technology:

1. The Pro Forma includes actual costs through March 2014
2. The delta between low & high estimates for development & production support range between 20% and 30%
3. Cover Oregon development is cut in 2014
4. System Integrator focuses efforts on transition
5. Oracle is retained to continue production support through 2014
6. Production support is sufficient to support break/fix activities through December 2014 to sustain 2014 Open Enrollment operations
7. Oracle software and hardware maintenance & support contracts expire May 2015 requiring payment through roughly the first half of calendar year 2015
8. Cover Oregon will continue to maintain the public website

Draft Costs

Pro Forma (Early Estimates): Assumes Cover Oregon immediately moves to the FFM solution and maintains current technology through Q1 2015 to support 2014 enrollments.

Description	Alternative Pro Forma: Immediate Move to Federally Facilitated Marketplace Partnership		2014		2015		2016		3-Year Total	
	Low	High	Low	High	Low	High	Low	High	Low	High
Business Operations Total ¹	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Information Technology										
Non-Recurring Costs										
Professional Services										
Oracle Current Technology Development	\$3.0	\$3.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3.0	\$3.0
New Systems Integrator Transition to FFM	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Miscellaneous	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Solution Development Total	\$3.0	\$3.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3.0	\$3.0
Solution Production Support										
New Systems Integrator										
Oracle	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Solution Production Support Total	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional Services Total	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Hardware										
Software										
Non-Recurring Costs Total	\$3.0	\$3.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3.0	\$3.0
Recurring Costs										
IT Salary & Benefits	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Licensing and Services	\$0.0	\$0.0	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$1.5	\$1.5
Public Site Maintenance	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$1.5	\$1.5
Recurring Cost Total	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$1.5	\$1.5
Information Technology Total	\$3.5	\$3.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$4.5	\$4.5
FFM Public Cost										
QHP FFMaaS ²	\$0.0	\$0.0	\$4.0	\$4.0	\$9.0	\$9.0	\$9.0	\$9.0	\$13.0	\$13.0
QHP ³	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Cover Oregon			TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
FFM Public Cost Total	\$0.0	\$0.0	\$4.0	\$4.0	\$9.0	\$9.0	\$9.0	\$9.0	\$13.0	\$13.0
Cover Oregon Total	\$4.5	\$4.5	\$4.5	\$4.5	\$9.5	\$9.5	\$9.5	\$9.5	\$17.5	\$17.5

¹ Business Operations costs include call center and marketing functions that would be negotiated upward with the feds

² Federally Facilitated Marketplace provides software & service technology paid by carriers @ 2.5%

³ Based on DHA assessment for Alternative 2 these costs would go higher with Alternative 1

DRAFT

Alternative 2 with 9 as Contingency: Current Technology, New Vendor with Federally Facilitated Marketplace as a Contingency

Alternative Description

This alternative focuses on continuing the deployment of current solution architecture but engaging a new vendor to provide systems integration, program management and technical delivery. As contingency, there will be parallel efforts to plan for the migration to the Federally Facilitated Marketplace (FFM). Cover Oregon will monitor key success milestones to evaluate the likelihood for a successful deployment of the Cover Oregon Exchange for the 2015 Open Enrollment. In the end, this alternative provides an off-ramp from Alternative #2 to the FFM with time to deploy.

Alternative Assumptions

1. The following analysis includes both: (1) staying with the current technology and, (2) a contingency decision to move to the FFM
2. The contingency planning and early execution will be done in parallel with the continued deployment of the current solution architecture
3. If the contingency is elected, the current Cover Oregon Exchange technology will continue operating through December 2014 to support 2014 enrollments.
4. Under the FFM contingency, Oregon will continue providing Plan Management activities

High Level Schedule

The following Gantt chart provides a high-level activities schedule. The continue developing the Cover Oregon solution activities are represented in blue while the FFM migration activities are represented in purple.

Alternative 2 (100 Day Plan)																		
ACTIVITY	MAR			APR			MAY					JUN				JUL		
	21	28	4	11	18	25	1	8	15	22	29	5	12	19	26	2	9	16
Product Roadmap: ACA requirements	█			█														
#2 Funct reqmts gap completed & reasonable	█			█														
Sole source procurement approval	█			█														
SI vendor contract complete	█			█														
CO Governance structure built & functioning	█			█														
CO Program Management in place	█			█														
CO attrition is manageable	█			█														
2015 Open Enrollment functional requirements	█			█														
2015 Open Enrollment functional design				█			█											
2015 Open Enrollment technical design							█											
2015 Open Enrollment development												█				█		

Alternative 9 To 2015 Support Open Enrollment									
Activities	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV
CO/FFM functional gap analysis		█							
Initial understanding of FFM migration reqmts		█							
Assemble team for FFM activity analysis		█							
Carrier on-boarding		█	█						
Collect business rules			█	█					
Plan Management delivery to FFM			█						
Final Go/No Go Decision: Alt 2 or Alt 9				█					
Account transfer (in-bound/outbound)			█	█	█				
Account Transfer Testing					█	█			
Interface for MEC, SSA, etc.			█	█	█				
Carrier direct enrollments set-up			█	█	█				
Agreements reviewed & signed		█	█	█	█	█	█		
Train materials for State assistance personnel						█			
Assessment vs determination decision							█		
Outreach to existing enrollees							█		
State Legislative changes (Medicaid) (TBD)									
Oregon FFM Go Live									█

Cost Assumptions

Business Operations:

1. Eliminates Cover Oregon Medicaid determination, SHOP, Commissions and Appeals processing in 2015 and 2016
2. Business Operations continues current operating model through the end of calendar year 2014 to support transition and service policies but with declining staffing
3. Does not include any Information Technology Costs (see below)

Information Technology Cost Assumptions:

1. The Pro Forma assumes the migration to the FFM
2. The Pro Forma includes actual costs through March 2014
3. The delta between low & high estimates for development & production support range between 20% and 30%
4. Development and production support is reduced by 50% in 2014 assuming a move to the FFM
5. System Integrator will refocus its efforts on transition following a decision to move to the FFM
6. Production support is sufficient to support break/fix activities through December 2014 to sustain 2014 Open Enrollment operations

Draft Costs Version 1: Assumes Cover Oregon passes all milestone gates for a successful launch for the 2015 Open Enrollment (no #9 contingency)

Current Technology, New Vendor Costs

The following Pro Forma provides the cost of leveraging the current solution architecture with a new Systems Integrator should Cover Oregon pass all gates for a successful launch for the 2015 Open Enrollment.

Alternative Assumption

Cover Oregon operates on revenue from assessments to carriers and OHA for Medicaid enrollments.

Pro Forma (Early Estimate): Assumes Cover Oregon passes all milestone gates for a successful launch for the 2015 Open Enrollment (no #9 contingency)

Alternative 2 Pro Forma: Keep the Technology / New Vendor (in \$M's)									
Description	2014		2015		2016		3-Year Total		
	Low	High	Low	High	Low	High	Low	High	
Business Operations Total	\$0.0	\$0.0	\$0.5	\$0.5	\$0.0	\$0.0	\$0.5	\$0.5	
Information Technology									
Non-Recurring Costs									
Professional Services									
Solution Development									
Oracle (Current Technology Development)	\$3.0	\$3.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3.0	\$3.0	
New Systems Integrator	\$0.0	\$2.0	\$7.0	\$2.0	\$0.0	\$0.0	\$7.0	\$4.0	
Oracle (Transition Services)	\$0.0	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5	
Miscellaneous	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Solution Development Total	\$4.0	\$8.5	\$7.0	\$2.0	\$0.0	\$0.0	\$7.0	\$7.5	
Solution Production Support									
New Systems Integrator	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Oracle	\$1.0	\$1.5	\$0.0	\$0.0	\$0.0	\$0.0	\$1.0	\$1.5	
Solution Production Support Total	\$1.0	\$1.5	\$0.0	\$0.0	\$0.0	\$0.0	\$1.0	\$1.5	
Professional Services Total	\$8.0	\$14.0	\$5.0	\$2.0	\$0.0	\$0.0	\$8.0	\$9.0	
Hardware									
Software									
Non-Recurring Cost Total	\$8.0	\$14.0	\$5.0	\$2.0	\$0.0	\$0.0	\$9.0	\$10.5	
Recurring Costs									
IT Salary & Benefits	\$0.5	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5	\$0.5	
Licensing and Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Recurring Cost Total	\$0.5	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5	\$0.5	
Information Technology Total	\$8.5	\$14.5	\$5.0	\$2.0	\$0.0	\$0.0	\$9.5	\$11.0	
Cover Oregon Total	\$1.5	\$17.5	\$6.5	\$8.5	\$0.0	\$0.0	\$11.0	\$22.0	

DRAFT

Draft Costs Version 2: Assumes Cover Oregon does not pass milestone gates for a successful launch for the 2015 Open Enrollment and transfers to FFM (i.e., includes triggering #9 contingency)

Current Technology, New Vendor Costs / Transfer to FFM Costs

The following Pro Forma provides the cost of leveraging the current solution architecture for a period of ~ 100 days with a new Systems Integrator with parallel work towards implementing the FFM; finally deciding to leave the current technology and implement the FFM solution.

Alternative Assumption

Cover Oregon operates on revenue from assessments to carriers and OHA for Medicaid enrollments.

Pro Forma (Early Estimate): Assumes Cover Oregon does not pass milestone gates for a successful launch for the 2015 Open Enrollment and transfers to FFM (i.e., includes triggering #9 contingency)

Alternative 2) with #9 Contingency Pro Forma: Keep the Technology / New Vendor with #9 FFM Contingency (in \$M's)									
Description	2014		2015		2016		3-Year Total		
	Low	High	Low	High	Low	High	Low	High	
Business Operations Total									
Information Technology	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Non-Recurring Costs									
Professional Services									
Solution Development									
Oracle (Current Technology Development)	\$3.0	\$3.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3.0	\$3.0	\$3.0
New Systems Integrator (Current Technology Development)	\$1.0	\$4.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1.0	\$4.0	\$1.0
New Systems Integrator (Transition to FFM)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Oracle (Transition Services)	\$0.0	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5	\$0.5
Miscellaneous	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Solution Development Total	\$7.0	\$4.5	\$0.0	\$0.0	\$0.0	\$0.0	\$7.0	\$4.5	\$7.0
Solution Production Support									
New Systems Integrator	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5	\$0.0	\$0.5
Oracle	\$0.0	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5	\$0.5
Solution Production Support Total	\$0.5	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5	\$0.5	\$0.5
Professional Services Total	\$9.5	\$8.0	\$0.0	\$0.0	\$0.0	\$0.0	\$9.5	\$8.0	\$9.5
Hardware	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Software	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Non-Recurring Cost Total	\$9.5	\$8.0	\$0.0	\$0.0	\$0.0	\$0.0	\$9.5	\$8.0	\$9.5
Recurring Costs									
IT Salary & Benefits	\$0.5	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5	\$0.5	\$0.5
Licensing and Services	\$0.0	\$0.0	\$0.5	\$0.5	\$0.0	\$0.0	\$0.5	\$0.5	\$0.5
Public Site Maintenance	\$0.5	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5	\$0.5	\$0.5
Recurring Cost Total	\$1.0	\$1.0	\$0.5	\$0.5	\$0.0	\$0.0	\$1.0	\$1.0	\$1.0
Information Technology Total	\$3.5	\$2.0	\$0.5	\$0.5	\$0.0	\$0.0	\$3.5	\$2.0	\$3.5
FFM Public Cost									
QHFFMaaS ²	\$0.0	\$0.0	\$4.0	\$4.0	\$9.0	\$9.0	\$3.0	\$3.0	\$3.0
OHP ³	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Cover Oregon	\$0.0	\$0.0	TBD	TBD	TBD	TBD	TBD	TBD	TBD
FFM Public Cost Total	\$0.0	\$0.0	\$4.0	\$4.0	\$9.0	\$9.0	\$3.0	\$3.0	\$3.0
Cover Oregon Total	\$4.5	\$3.0	\$7.5	\$7.5	\$9.0	\$9.0	\$1.0	\$1.0	\$9.5

¹Business Operations costs include call center and marketing functions that could be negotiated upward with the Feds

²Federally Facilitated Marketplace provides software as a service technology paid by carriers @ 3.5%¹

³Based on OHA assessment for Alternative 2, these costs could go higher with Alternative 3.

DRAFT

From: John Kitzhaber [REDACTED]
Subject: Call tomorrow
Date: April 27, 2014 8:41:02 PM PDT
To: Mike Bonetto [REDACTED] BONETTO PERSONAL EMAIL
Cc: Patricia McCaig [REDACTED]

Chief,

First, let me be clear that I am totally in support of our decision to go to the federal exchange and the way we rolled it out. I am not sure that what I am sharing here is actually a problem but I want a chance to put in front of you and ask the question.

My concern is that the story out there is that we have completely given up on Cover Oregon. I still believe that our vision was the right vision to have a site where we could not only enroll folks into commercial plans but also do SHOP for the small business and continue to have control over the key elements necessary for market transformation. This gets back to the email exchange we had in late March about not losing sight of our larger transformation agenda.

So our vision is the right one we just bit off too much at one time and had bad project management and bad technology. But the vision is the right vision. So the move to the federal site for commercial enrollment should be viewed as a detour not surrender. We still need to be focused on achieving our vision next year especially SHOP.

I do not want to be naïve going into the general election but I also do not want us to make short-term political decisions at the expense of our policy agenda. The policy agenda is the only reason I am doing this again so I am willing to burn some political capital on this one. And I don't want the culture in Cover Oregon to let go of our vision either. I would also argue that talking about a pathway to SHOP would be good politics because of the need (and popularity) of small business in Oregon.

Thanks. Talk to you tomorrow.

JK

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 Date: April 30, 2014 11:46:57 AM PDT
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1 Attachment, 483 KB

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1. Ensure online eligibility and enrollment for coverage in QHP and Medicaid
2. Ensure ability to drive transformation into individual and small group market

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Outcomes

1. We can use the frame we want. HHS will work with us as SBM.
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Message

From: BONETTO PERSONAL EMAIL
Sent: 5/12/2014 5:11:16 AM
To: Sean Kolmer; KOLMER PERSONAL EMAIL
Subject: time to connect...

Hope you got some r&r this weekend. Apologies for the multiple vm on Friday...all got worked out.

We should connect tomorrow a.m. if possible...had a long conversation with Liz tonight about the board..and safe to say that they're not in a good spot. Gretchen submitted her resignation again...and sounds like there are others lined up to do the same. Last week's board mtg didn't help...as well as how the Tina announcement got rolled out. Fixable...but will need to think through this.

I could connect at 8:30 for 15-20 min...and was then thinking of having us talk about this with Patricia at either 9:15 or early evening.

MB

From: Gretchen Peterson <[REDACTED]>
Sent: 5/15/2014 6:22:47 AM +0000
To: Liz Baxter [REDACTED]
Subject: Fwd: COVER OREGON: Deloitte Contract

Hi Liz,

I wanted to make sure you knew that I contacted Kelly as it seemed inappropriate for me to continue to receive Board emails after having resigned. The contract sent today wasn't really confidential but I was concerned that additional emails might be sent with information that I'm no longer entitled to receive, particularly if any movement occurred on the ED search.

I know she mentioned this to Clyde Hamstreet as he emailed me this evening so this info might reach others on the staff tomorrow so would be good to inform other board members as soon as possible.

Clyde voiced concern that my decision was driven by the issue with the Deloitte contract not being submitted to the board. I will respond and clarify my primary reason being workload/time commitment at work - however, it's certainly exacerbated by my belief that the board has very limited influence or impact.

There is a real disconnect between the public's perception and expectations of the board's authority and oversight capability and the reality. The Deloitte contract execution without board review and the seemingly lack of thought to having board discussion and input into the business plan before submission to the legislature are just clearer signals of an ongoing lack of clarity of the board's purpose. I can't fathom a business (for profit or non-profit) operating with their board in this manner.

My perception is this has always been an issue, however, it's certainly become more & more apparent since January. At this point, at best, it's become just an advisory board--worst case, the board simply is acting as a public pass through of decisions already made at the state agency level or by the governor's advisors. While I don't disagree with any of the decisions recently made, I do have concerns that these processes are exactly what contributed to the failure of the technology build. I do disagree with how the board is not being utilized or even consulted. That's not what I signed up for and if my time is stretched thin, it only makes sense for me to focus where I can make a difference.

If you can let me know when my resignation has been communicated to other board members, I would like to email them a quick goodbye and thank you.

I recognize you are in an exceedingly difficult position and I admire and appreciate the professionalism you've brought to the role of Board Chair. Thank you for sharing your wisdom - I've learned a lot from you in the past two years.

Best regards,
Gretchen

Begin forwarded message:

BAXTER00001985

From: Harms Kelly

Date: May 14, 2014 at 4:11:52 PM PDT

To: Gretchen Peterson

Subject: Re: COVER OREGON: Deloitte Contract

Hi Gretchen,

I wasn't aware of your resignation, but I will make sure that you're removed from my distribution lists, and are removed from the website.

I've really enjoyed working with you the past few years, and your wisdom and experience will be sorely missed on the board.

Kelly

--

Kelly Harms | Special Projects & Board Coordination | Cover

From: Gretchen Peterson

Date: Wednesday, May 14, 2014 2:32 PM

To: Kelly Harms

Subject: RE: COVER OREGON: Deloitte Contract

Hi Kelly,

After careful consideration, I submitted my resignation from the Cover Oregon Board of Directors to Chair Baxter effective last Thursday, May 8th. I don't know to whom that's been communicated yet, but I should be removed from the board distribution list immediately.

On a personal note, thank you for your patience and flexibility throughout the past few years. I do appreciate having had the opportunity to meet and get to know so many people committed to improving access to healthcare in Oregon. I wish everyone the best at Cover Oregon as the transition continues over the coming months.

Thank you,
Gretchen

From: Harms Kelly

Sent: Wednesday, May 14, 2014 11:41 AM

To: Liz Baxter; José Gonzalez; Ken Allen; Teri Andrews; George Brown; Gretchen Peterson; CALI Laura N; Pattie Carlin; MYERS Brenda M; Beverly Peacock; Stephanie Swan; Fauver Amy; Leibowitz Nora; Bianco, Diana; Hutchings Laura; Barenberg, David; McClure, Alyssa; Harms Kelly; Schmidt, Mark; Hamstreet, Clyde; Pettit, Alex; HOFFMAN Suzanne; HULETT Tracy; EDLUND Tina D; Miller, Sarah

Cc: Anderson, Judith

Subject: COVER OREGON: Deloitte Contract

BAXTER00001986

Dear Board Members,

At last week's Board meeting, you asked to see the materials for the executed Deloitte contract. I have attached the Board Notification summary and the Statement of Work for the contract.

If you have any questions about this contract, please contact Sarah Miller at [REDACTED] or at [REDACTED]@coveroregon.com <mailto:[REDACTED]@coveroregon.com>.

Kelly

--

Kelly Harms | Special Projects & Board Coordination | Cover
[REDACTED]

Message

From: Sean Kolmer [KOLMER PERSONAL EMAIL]
Sent: 4/20/2014 3:36:47 PM
To: Mike Bonetto [BONETTO PERSONAL EMAIL]
Subject: TDE

Talked with Tina yesterday. She had an interesting proposal that we should think about. In talking to Sarah Miller, Tina and her agreed there needs to be one person overseeing all the work for this transition that can drive the implementation with the authority of the Gov Office. In addition, this will be a full time job and cant be done with any other responsibilities.

She mentioned she would be interested in this type of role which would mean she would stay through end of year etc. Here is what I would propose.

1. Tina move to Governor's Office as Advisor on Health Care Implementation starting May 1. Her only responsibility is driving OHA, CoverOregon to make the transition after the decision is made. Her relationships with CMS will be critical here. This will be about operations and implementation. I would still be involved but more focused on the political aspects.
2. Suzanne Hoffman is named Acting OHA Director May 1.
3. My focus would move quickly to driving the agenda for 2015 (OHP budget, navigating CO through public process, PEBB, OEBC). I will need to take over the more day to day issues at OHA to help Suzanne and others navigate the CCOs especially.

As we both have learned, this is a full time job moving into implementation, we cant have someone who has other responsibilities. This could be another thing the Gov does to make sure this gets done and shows strong leadership on using First Data learnings.

think about this and lets talk. I really like this proposal but lets talk through this.

Message

From: Tina Edlund [REDACTED] EDLUND PERSONAL EMAIL
Sent: 4/7/2014 4:36:00 AM
To: [REDACTED] BONETTO PERSONAL EMAIL, KOLMER PERSONAL EMAIL
CC: [REDACTED]
Subject: Meeting

Mike,
I know things have been crazy, but need to get on your calendar. I'd like to talk to you about my transition out of OHA. Sean has asked about my timeline and I haven't had a great answer, but am getting clearer. I don't know what you've been thinking, but I'd like to talk to you about a timeline that works for you, for the Governor and for me.

Hope we can find some time soon. T
Sent from my iPad

Message

From: Sean Kolmer [KOLMER PERSONAL EMAIL]
Sent: 4/20/2014 3:36:47 PM
To: Mike Bonetto [BONETTO PERSONAL EMAIL]
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think about this and lets talk. I really like this proposal but lets talk through this.

Message

From: BONETTO PERSONAL EMAIL
Sent: 5/19/2014 3:05:23 PM
To: MCCAIG, WENTZ PERSONAL EMAIL, PALMATEER PERSONAL EMAIL, HARMON JOHNSON CONSULTANT EMAIL
CC: Sean Kolmer, KOLMER PERSONAL EMAIL
Subject: Fwd: Templates for status reports
Attachments: QHP_OHP_Transition_Project_Status Report Template_2014 05 14_Template.pptx; HTML Attachment.html; Miller Status Report Template-sample.doc; HTML Attachment.html

Take a look when you have a minute....we can discuss these with Tina on our 3pm call today.

Thx,
MB

Begin forwarded message:

From: Tina Edlund, EDLUND PERSONAL EMAIL
Subject: Status reports
Date: May 18, 2014 12:05:59 PM PDT
To: Mike Bonetto, BONETTO PERSONAL EMAIL

Mike,

Attached are two example status reports. One is a very high level one pager that Sarah put together for her project reporting. The second is Deloitte's more detailed document for the gap analysis work they are doing right now.

Neither is filled out. I think the Deloitte template is what it is...it's the tool they use for project management and it's what they'll use to report progress every week. So will be public and posted.

Sarah's is a work in progress, has many placeholders and will obviously go beyond what Deloitte is doing. She and I are interested in keeping it pretty high level. We didn't want to tweak it very much until you all had a chance to look at it and let us know if it's directionally correct.

Thanks,
T

Cover Oregon
Weekly Status Report covering Week 1

For week ending May 16, 2014

Project Board: < names >

Project Executive: < name >

Cover Oregon – Status Report Dashboard

Week ending May 15, 2014

#	Key Activities	% Complete	Status
Workstream #1: Project Management			
1	Definition of Project methodology, Project management approach, and anticipated staffing for activities within this SOW		
2	Planning, coordination, and weekly status reporting of activities within this SOW		
3	Daily oral briefings with Cover Oregon’s Contract Administrator		
Workstream #2: Transition QHP to FFM			
1	Development of a strategy roadmap for transitioning individual enrollment for Qualified Health Plans to Federally Facilitated Marketplace		
Workstream #3: Support MAGI Medicaid			
1	Scoping and recommendation of a strategy for interfaces		
2	Comparison of data models		
3	Requirements clarification and catalog update		
4	Development of a strategy for the web presence for the Medicaid Eligibility System Front End		
5	Hub On-Boarding Work & Bi-Directional Account Transfer Initiation Work		
6	Complete a Security Assessment/Establish Security Strategy		
7	Establish scope for organizational change management and training		
8	Establish scope for all types of testing		
9	Contingency planning for subsequent work		

Status Legend Not Started On Track Needs attention At risk of meeting timelines

Cover Oregon – Status Report Dashboard **Week ending May 15, 2014**

#	Key Deliverables	% Complete	Completion Date	Sign-Off Date	Status
Workstream #1: Project Management					
1.1	Project approach and staffing plan		May 14, 2014		
1.2	Weekly status report covering week 1		May 19, 2014		
1.3	Weekly status report covering week 2		May 26, 2014		
1.4	Weekly status report covering week 3		June 2, 2014		
1.5	Weekly status report covering week 4		June 9, 2014		
1.6	Weekly status report covering week 5		June 16, 2014		
1.7	Final status report covering weeks 1-6		June 20, 2014		
Workstream #2: Transition QHP to FFM					
2.1	QHP to FFM Roadmap		June 20, 2014		
Workstream #3: Support MAGI Medicaid					
3.1	Web Presence Strategy		June 18, 2014		
3.2	Security Strategy		June 18, 2014		
3.3	Organization Change Mgmt (OCM) Strategy		June 18, 2014		
3.4	Requirements Catalog		June 18, 2014		
3.5	MAGI Medicaid Roadmap		June 20, 2014		

Status Legend	Not Started	On Track	Needs attention	At risk of meeting timelines
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Project Management

Major Accomplishments (prior week)

- a
- b

Upcoming Work (current week)

- a
- b

Issues/Risks

- a
- b

QHP Transition to FFM

Major Accomplishments

- a
- b

Upcoming Work

- a
- b

Issues/Risks

- a
- b

MAGI Medicaid - Application Intake & Case Management

Major Accomplishments

- a
- b

Upcoming Work

- a
- b

Issues/Risks

- a
- b

MAGI Medicaid - Eligibility & Enrollment

Major Accomplishments

- a
- b

Upcoming Work

- a
- b

Issues/Risks

- a
- b

MAGI Medicaid - Testing

Major Accomplishments

- a
- b

Upcoming Work

- a
- b

Issues/Risks

- a
- b

MAGI Medicaid – Reporting

Major Accomplishments

- a
- b

Upcoming Work

- a
- b

Issues/Risks

- a
- b

MAGI Medicaid – Security

Major Accomplishments

- a
- b

Upcoming Work

- a
- b

Issues/Risks

- a
- b

MAGI Medicaid – Org Change Management (includes Training)

Major Accomplishments

- a
- b

Upcoming Work

- a
- b

Issues/Risks

- a
- b

MAGI Medicaid – Solution Architecture & Infrastructure

Major Accomplishments

- a
- b

Upcoming Work

- a
- b

Issues/Risks

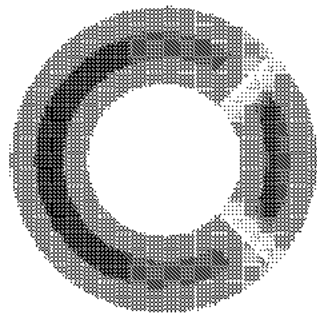
- a
- b



Deloitte.

Deloitte.

Deloitte



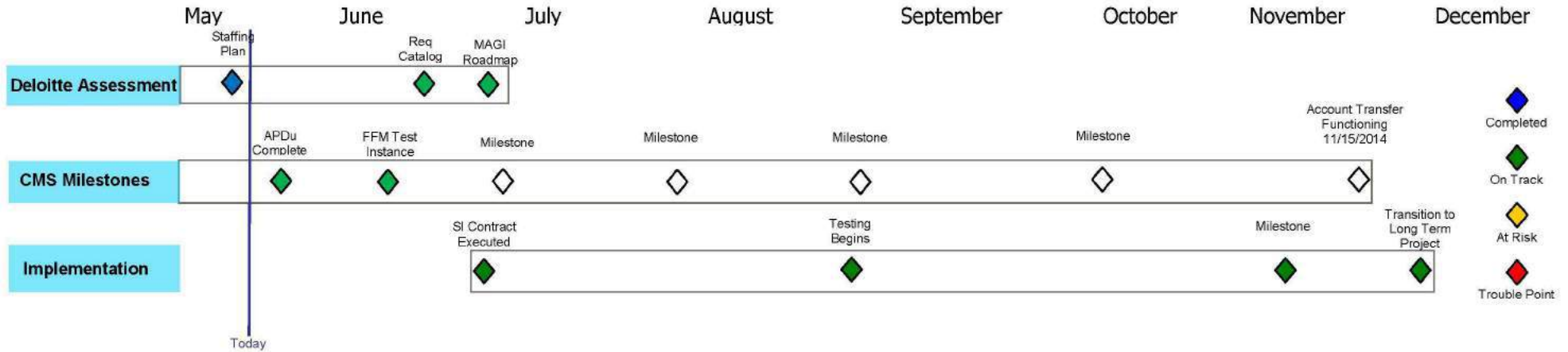
**COVER
OREGON**

MAGI Medicaid Transition Project

Project Manager: Sarah Miller

Status as of 05/15/2014

Executive Sponsor: Tina Edlund



Risk Summary

- Sponsorship** ● Executive sponsorship has increased under the new project structure, which will aid the project in gaining support across the agencies, and focus within the project. Moving contracts to the Executive Sponsor; vendor productivity and focus should increase.
- Scope** ● The minimum acceptable scope for November 15, 2014 is defined. Additional functionality and timing associated will be defined after Deloitte Assessment is complete.
- Resources** ● Key resources have been identified and dedicated to the project. Team will work in a co-located setting at the Durham offices.
- Schedule** ● Schedule for Deloitte Assessment work is on-track. Schedule to begin implementation work is at risk until System Integrator contract is executed.
- Budget** ● A budget for the new project being developed. APDu to be submitted to CMS for review 5/23/2014. Budget at risk until approved funding from CMS.
- Contracts** ● Deloitte Assessment contract in place and on-track. Procurement strategy for System Integrator contract being defined.

Notable:

- ✓ The new project structure has been put in place and is directly accountable to the Governor's Office via the Executive Sponsors. Many key start-up tasks are now progressing, including the Project Plan, onboarding team members, and vendor management/contract compliance processes.
- ✓ The executive sponsor, project manager, and team members have been identified and relocated to Durham office. Project Kick-off meeting held on 5/14/2014.
- ✓ Co-location of the management/lead team is already proving beneficial, in terms of collaboration and critical thinking.
- ✓ Deloitte Assessment fixed-fee, deliverable based contract in place. First deliverable submitted on-time. Project review of deliverable in progress.
- ⚠ Project team resources are being asked to transition quickly from their current jobs to be dedicated to the project effort. Logistics still being worked out.
- ⚠ Oregon must submit an updated Advanced Planning Document (APDu) to CMS for approval for 90/10 federal match funding to support this project.
- ⚠ Strategy and resourcing for communication support for the project still being established.

Message

From: Mike Bonetto [REDACTED] BONETTO PERSONAL EMAIL
Sent: 5/19/2014 9:04:48 PM
To: Patricia McCaig [REDACTED]
Subject: Intial thoughts for 3:00 agenda..

- 1) Update on contracts (Alex = CO, Suzanne = OHA)
- 2) Update on gap analysis and transition from Oracle (Alex)
- 3) Update on leg conversations (SK)
- 4) Timeline for presentations next week (Clyde and Tina)
- 5) Review reporting template (Tina and Sarah)
- 6) Small workgroup to frame timeline and future decision points (MB and Clyde)

Message

From: Sean Kolmer [REDACTED] KOLMER PERSONAL EMAIL
Sent: 6/6/2014 8:15:11 PM [REDACTED] BONETTO PERSONAL EMAIL
To: Mike Bonetto [REDACTED] Patricia McCaig [REDACTED]
Subject: agenda

I talked to Amy and Clyde on wednesday afternoon and have not seen anything as a powerpoint but was supposed to get something today to work on over the weekend. Here are the major topic areas:

1. 2014 operations (Clyde)
Include Clyde restructuring plan (although I dont know if he has anything), enrollments,
2. Transition Project Update (Tina, Clyde)
Including some portions of the weekly report
Deeper dive into the enrollment issues for the 80,000 commercial coverage: I really want more detail on what is the baseline for what will happen so we can remove some of the speculation that the media is writing about. key topic is direct enrollment, ability to "create accounts" at fed system prior to open enrollment, other areas Tina is working on.

Main message: We are making progress and moving forward. Making enrollment easier is a priority

3. ED search: They will be recommending Aaron in the morning at the search committee and approving moving forward at the Board. PM: Aaron is an exec at Kaiser and on board for where we want to go.
4. Drive to a recommendation for 2015 (Clyde)
Have clyde walk through his principles about the 2015 work and a potential workplan for the Board to adopt that gets the "shutdown" coveroregon draft report to legislators for the September leg days, incorporate their feedback and then finalize a recommendation to the Gov and legislature for 2015 in end of September/October.

I have clyde not wanting to talk with Board about legal actions at the Board meeting but getting small groups of the Board to get briefed by legal. Dont know if this will hold but we need to keep this conversation away from the Board meeting.

Message

From: Tina Edlund [EDLUND PERSONAL EMAIL]
Sent: 8/13/2014 7:13:10 PM
To: Sean Kolmer [KOLMER PERSONAL EMAIL]; Patty [WENTZ PERSONAL EMAIL]; Patricia McCaig [REDACTED]; Mike Bonetto [BONETTO PERSONAL EMAIL]
Subject: New title

I'm changing my title officially to Disappointment Manager.

CMS just called to let me know that they are reviewing the actual law and may not be able to get back to me today. They are still trying for today, but I take the fact that they reached out to manage my disappointment as a sign.

Hopefully, I'll know more when we next talk.

T

Message

From: WENTZ PERSONAL EMAIL
Sent: 8/28/2014 4:44:29 PM
To: Edlund, Tina EDLUND PERSONAL EMAIL
CC: McCaig, Patricia PALMATEER PERSONAL EMAIL; home, KOLMER PERSONAL EMAIL; Dmitri Palmateer
Subject: Re: CMS Debrief; Bonetto, Mike BONETTO PERSONAL EMAIL

I'm open.

From: "Edlund, Tina" [REDACTED]@gmail.com>
To: "Patty Wentz" [REDACTED]@comcast.net>, "McCaig, Patricia" [REDACTED]@easystreet.net>, "home, SPK" [REDACTED]@gmail.com>, "Dmitri Palmateer" [REDACTED]@yahoo.com>, "Bonetto, Mike" [REDACTED]@gmail.com>
Sent: Thursday, August 28, 2014 9:26:58 AM
Subject: CMS Debrief

Can we get on the phone to debrief about CMS visit and transition project? I can get on the phone after the CO Board meeting.

From: KOLMER Sean P * GOV [REDACTED]
Sent: 4/29/2014 4:02:52 PM +0000
To: PALMATEER Dmitri [REDACTED]
Subject: Re: More info Legislative Hearing ON CO May 6th
He has far as I know and they keep reaching to him.

On Apr 29, 2014, at 11:53 AM, "PALMATEER Dmitri * GOV" [REDACTED] wrote:

Can we get David to stand down on this? The chiefs of the POs have approached me, and I don't want to send cross signals.

D

From: KOLMER Sean P * GOV [REDACTED]
Sent: Tuesday, April 29, 2014 3:50 AM
To: David
Cc: Amy Fauver; Ariane Holm; Alex Pettit; Hamstreet, Clyde; Dmitri Palmateer; Joli Whitney; Kelly Harms; Hutchings Laura; Michael Cox
Subject: Re: More info Legislative Hearing ON CO May 6th

we should talk internally before setting any expectation around who should present.

On Apr 28, 2014, at 2:16 PM, "David" <[REDACTED]@gmail.com> wrote:

More info:

Hearing will be in Hearing Room B of the Capitol.

Attendance:

Legislature:

I understand Rep. Thatcher will be out of town. The other five Committee Members: Devlin, Beyer, Olson, Vega Pederson and Harker will attend. It is likely that the Chairs will invite the four the members of the Legislative Oversight Committee to sit with them.

CO testimony:

I understand that they want Clyde and Alex and are contemplating having a member or two of the Board.

David

David Barenberg
Sabas Strategies

On Apr 25, 2014, at 12:48 PM, David [REDACTED]@gmail.com > wrote:

Hi,

The legislature's Joint Committee on Legislative Audit and Information Management Technology (JCLAIMT) has just scheduled a hearing 10a.m.-12 noon on May 6th: " to examine Cover Oregon's decision to stop trying to fix its own website and instead connect to the federal technology."

The release announcing the hearing is below.

This is a six member committee that is comprised of three senators and three representatives. Cover Oregon had provided testimony before the Committee three times during the February Session, focused on IT. The broader policy issues have thus far been the province of the House and Senate Health Care committees. We also answered JCLAIMT members questions on enrollment and financial sustainability in response to members questions.

The Committee is staffed by Erin Seiler from Committee Services, with and Bob Cummings doing the IT substance and Linda Ames from the Ways and Means on fiscal.

Generally, we have spoken with the Chairs to ascertain a sense of the info and format that they want presented.

I have also meet with members in advance to get a sense of their questions so we can answer some in advance and have responses for the others.

Committee Members are:

Sen. Richard Devlin, Co-Chair D. Tualatin
Rep. Jessica Vega Pederson, Co-Chair D, East Portland
Sen. Lee Beyer, D- Springfield
Sen. Alan Olsen, R-Canby
Rep. Chris Harker, D-Beaverton
Rep. Kim Thatcher, R-Keizer

Clyde has spoken briefly, pre announcement of hearing, with Devlin and Vega Pederson. Alex and Amy have testified before the Committee , Alex in his State CIO

role.

More to come. As well as scheduling prep.

David

David Barenberg
Sabas Strategies



<image001.png>

OREGON LEGISLATIVE ASSEMBLY

*SENATE PRESIDENT PETER COURTNEY
HOUSE SPEAKER TINA KOTEK*

NEWS RELEASE

April 25, 2014

Contact:

Robin Maxey
503-986-1605

Robin.maxey@state.or.us

Jared Mason-Gere
541-206-8231

jared.masongere@state.or.us

LEGISLATIVE COMMITTEE WILL EXAMINE COVER OREGON MOVE TO FEDERAL WEBSITE

*JOINT IT & AUDITS COMMITTEE WILL GET ANSWERS ON RECENT
TECHNOLOGY DECISIONS*

SALEM- Oregon Senate President Peter Courtney (D-Salem/Gervais/Woodburn) and House Speaker Tina Kotek (D-Portland) today announced that the Oregon Legislature's Joint Committee on Legislative Audits, Information Management and Technology will hold a hearing to examine Cover Oregon's decision to stop trying to fix its own website and instead connect to the federal technology.

The committee will meet 10 a.m. -12 p.m. May 6 to review Cover Oregon's decision, get answers on the process for making the transition, and ensure that Oregon will be ready for the next open enrollment period in the fall.

The Cover Oregon website is still not fully functioning six months after its originally planned roll-out date. As a result, Oregonians seeking private health insurance through Cover Oregon have had to use a hybrid system that includes completing a paper application.

"This committee is best positioned to get the answers Oregonians deserve and push Cover Oregon to be prepared for upcoming milestones," said Kotek. "Hundreds of thousands of Oregonians now have access to quality medical care thanks to Cover Oregon and the Affordable Care Act. We need to make sure Oregonians continue to have access to the health care they need."

"I want to make it clear that we expect more than a power point presentation. We expect more than promises," Courtney said. "We want frank answers. We want to know the technology challenges Cover Oregon is facing and exactly how they plan to navigate through the minefield. We need to know how this move is going to get us out of this mess."

Despite the website woes, more than 70,000 Oregonians have signed up for private insurance through Cover Oregon and another 172,000 people have signed up through the exchange for the Oregon Health Plan as part of the expansion of Medicaid. An additional 130,000 people were added to the Oregon Health Plan rolls through a separate process outside of the exchange.

###

Message

From: Patricia McCaig [REDACTED]
Sent: 5/5/2014 6:51:46 PM
To: Patty Wentz [WENTZ PERSONAL EMAIL]; Mike Bonetto [BONETTO PERSONAL EMAIL]; Sean Kolmer [KOLMER PERSONAL EMAIL]; Dmitri Palmateer [PALMATEER PERSONAL EMAIL]; Tim Raphael [RAPHAEL PERSONAL EMAIL]
Subject: Next draft -
Attachments: JCLAIMT Draft 4 pmc.pptx; HTML Attachment.html

I've reorganized - it is not quite correct yet, but I'm getting a flow. Look at slide two which is the presentation outline, not sure the language is correct, but it tells you what I think we should accomplish.

I don't have Clyde's ppt from last week's board meeting in a form that I can cut and paste. I think we want to take two or three slides from that presentation. You'll see it in the document.

Word choices - concept vs. proposal. State managed exchange - I've deleted references to it. We can discuss. I've reorganizes Alex's last 5 slides. Not sure about what the chart conveys.

Alex kicks it off --

I think his presentation should be separate. He does it alone.

Then Sean, Tina, and Clyde come up.

Clyde closes with the enrollment numbers, state comparison.

Patricia McCaig

[REDACTED]
On May 5, 2014, at 11:42 AM, [REDACTED] wrote:

Tina is fact-checking these but here's something to start with.

<GRID.pptx>



JCLAIMT MEETING

ALEX PETTIT, Ph.D., CO ACTING CHIEF INFORMATION OFFICER
& STATE CIO

TINA EDLUND, OHA INTERIM DIRECTOR

CLYDE HAMSTREET, COVER OREGON INTERIM DIRECTOR

MAY 6, 2014

Presentation Overview

- Update on technology workgroup/CO Board IT decision (Alex)
- Retaining Control of the Marketplace Concept/Proposal (Sean/Tina)
- IT Decision Implications for Cover Oregon & next steps (Clyde)

TECHNOLOGY OVERSIGHT WORKGROUP

ALEX

RECOMMENDATION GUIDELINES

- Risk – Must provide the highest level of certainty for seamless individual enrollment, renewal and change of circumstance
- Schedule – Thoroughly tested and operationalized prior to November 15, 2014
- Cost – Must be delivered within available resources

RECAP OF PROGRESS

1. Initial Meeting: March 11 - Articulate problem scope and constraints
2. Workshop Meeting: March 13 - Further description of problem
3. Workshop Meeting: March 18 - Articulation of solutions and limitations
4. Workshop Meeting: March 21 - Go forward plan proposed and detailed
5. Preliminary recommendation Meeting: March 27 - Go forward plan reviewed and approved
6. Status Monitoring Meeting: March 31 – Dual Approach

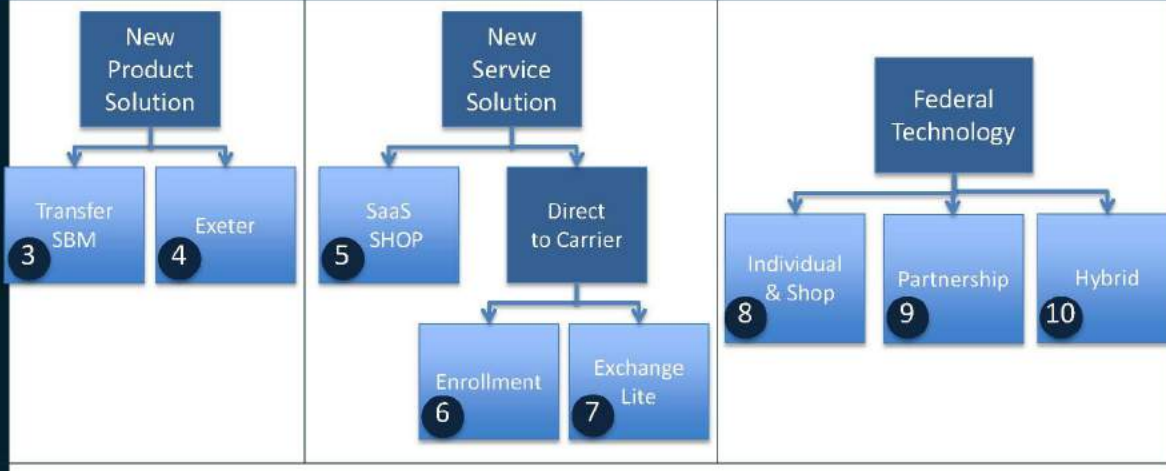
INITIAL SOLUTION ALTERNATIVES

Stay the Course

1 Keep the Technology
Keep the Vendor

2 Keep the Technology
Select a New Vendor

New Direction



ALEX

NARROWED FROM 10 TO 3 FOR FURTHER REVIEW

- State System Transfer: Transfer functioning technology from another state, in whole or in part
- Fix current technology – use new vendor
- Utilize federal exchange technology

STATE SYSTEM TRANSFER KEY FINDINGS

- Utilize known working technology core to start
- Avoid pitfalls and address issues proactively by leveraging experience of other state
- A gap analysis is necessary to identify differences in business functions, business processes, and technology architectures
- Requires additional expertise and capacity
- Development of SHOP functionality will need to be addressed
- Some carrier interfaces would need to be developed
- Need to respond to evolving federal requirements

STATE SYSTEM TRANSFER OPTION ELIMINATED

- Risk: Has not been successfully done to date
- Schedule: Infrastructure procurement and configuration would need to be completed before modifications to the application could begin
- Cost: Maryland: \$45MM, plus infrastructure

OUR PRELIMINARY RECOMMENDATION: DUAL APPROACH

- Fix Current Technology / New Vendor: fix current technology and use a systems integrator
- Simultaneously develop a plan to utilize the federal exchange technology and execute if milestones are missed

ALEX

KEY FINDINGS

- Maintain no wrong door vision for Oregonians to access services
- Infrastructure & technology is in place and enrollments are occurring (with a large manual effort)
- State of code and complexity of architecture pose significant challenges to stabilize what is currently developed
- Development of functionality including renewal and change of circumstance is not complete
- Federal requirements continue to evolve

DELOITTE ASSESSMENT

- Stabilization of current software and development of renewal capability is all that can be achieved by November 15, 2014
- Change of circumstance would not be completed until November 2015
- Total effort is estimated to exceed 390,000 hours, @ \$200/hr ≈ \$78MM to complete

ALEX

FIX CURRENT TECHNOLOGY/NEW VENDOR REVIEW

- Risk: Aggressive timeline introduces substantial risk into project plan with little margin for error
- Schedule: Not all functionality can be completed by November 15, 2014
- Cost: This option exceeds available resources

USE FEDERAL TECHNOLOGY

ALEX

KEY FINDINGS

- Requires CO to maintain operations for 2014 events
- Provides individual enrollment, renewal, and change of circumstance by the November 15, 2014 deadline
- Provides for QHP eligibility, plan shopping and enrollment
- 11 of 16 Oregon carriers already have interfaces with FFM
- Medicaid eligibility can be moved to OHA; requires no further development from Cover Oregon but significant work from OHA
- Migration of existing enrollments to federal system TBD
- Loss of full integration of Medicaid and QHP
- Agents would need to be certified by the FFM

ALEX

DELOITTE ASSESSMENT

- Migration to federal technology for QHP eligibility and enrollment expenses - \$4 – 6MM

ALEX

COST ESTIMATE TO TRANSFER MEDICAID ELIGIBILITY TO OHA

- Key assumptions:
 - Some of Oregon's current technology can be adapted
 - Costs are eligible for 90%-10% federal match
- Cost estimate to complete transfer is within available resources

ALEX

Lawmakers are going to have very specific questions about the costs here.

UTILIZE FEDERAL TECHNOLOGY REVIEW

- Risk: Enrollment, renewal, and change of circumstance functionality are currently available, lowest risk option
- Schedule: All functionality will be available before November 2014
- Cost: Estimates are within available resources

~~April 25, 2014 Board Meeting~~
Recommendation & Board Action

IT Workgroup Recommendation

- The workgroup unanimously concluded that using the federal website technology was the most reliable, least costly option to provide a working website by November 2014.

Board Action

- Board unanimously approves use of FFM website technology for individual QHP enrollment

Basic Function of CO System and OHA System

Cover Oregon System	OHA System
Currently functioning Medicaid Eligibility Rule Engine in production	Medicaid Eligibility Rule Engine Exists but has not processed eligibility in production
Underlying Data Model focuses on Eligibility & Enrollment only	Underlying Data Model focuses on Case Management
Interfaces to CMS Federal Hub	Interfaces to MMIS
Audit capability currently not turned on due to performance issues	All data fields are audited – reports available to supervisors
No connection to existing Medicaid legacy systems	Allows for real time verification of existing client data in legacy systems
Integrated Content Manager capability	No integrated content manager capability
Single notice integration in English and Spanish only	Multiple notice Integration in multiple languages
Security & Performance Enhancements implemented for public facing presence	Security & Performance Enhancements not yet implemented for public facing presence

Note: Neither system has had the full CMS 295 test case deck run against it.
Bold indicates components that could be leveraged for final system solution.

KEY TECHNICAL WORK

- Sustainment of existing platform to December 31, 2014 to support existing QHP applicants
 - Stabilization of existing system
- Setup of QHP service for open enrollment 2015
 - Mitigation of inconvenience to current enrollees
- Migration of Medicaid enrollment to OHA
 - Migration of those components which can be leveraged

Key Assumptions

- Project Team will have access to operational resources at Cover Oregon, Oregon Health Authority, and other state agencies as needed to supplement work
- Single Systems Integrator Contract to coordinate both sets of work – large number of SI employees need to accomplish work in timeframe
- QA & IV&V are essential to project

~~High Level~~ Medicaid Connecting to the FFM Critical Path

- Requirements Validation
- Gap Analysis
- Design
- Build
- System Integration Testing
- Performance Testing
- User Acceptance Testing: August 15, 2014
- Deployment: November 15, 2014
- Stabilization: Through one enrollment cycle

~~High Level Timeline~~

QHP Using the FFM Critical Path

- Communications
 - Definition (Audience, Channel, Frequency)
 - Evolution, Evaluation, and Update
- Transfer Data to FFM
 - Define content and data transfer process
 - Execute transfer to FFM
- Plan Management
 - Carrier Plan Submission/Validation
 - Verification of Plans/Rates on FFM
- External Portal (Content Management, Links, FAQs)

RETAINING CONTROL OF THE MARKETPLACE

- Sean describes concept/proposal

Answer with the Why are we doing this and what will be different

Insert grid/comparison components

Maintaining local control

Which plans are offered (QHP contracting and certification)

Oversight of plans (plan management)

Maintain Oregon's focus on alignment of quality metrics

Oregon-based outreach and education

- In person assistance
- Potential navigator role
- Educational web presence
- Referral services

COVER OREGON

TINA

NEXT STEPS

- Need to describe the next set of to do's with the feds and a rough timeline

Tina/OHA/MEDICAID

- How's it work

2015 benefit year – starting 11/14

- OHA will build on technology investment to operate the Medicaid program
- Cover Oregon will use the federal technology for commercial eligibility and enrollment

COVER OREGON

TINA

Medicaid

- Transfer Medicaid eligibility system back to OHA
- OHA retains:
 - Medicaid online application system with locally based call center
 - Medicaid consumer outreach and education
 - Medicaid determinations, enrollments, redeterminations, appeals
- Will utilize a cross-agency project team, rely on a single system integrator for both Cover Oregon and OHA

COVER OREGON

TINA

(CLYDE DOES FOLLOWING SLIDES)

Insert from Clyde's earlier ppt.

- Implications slide, critical next steps slide
-
- Retaining control (update from federal meetings)
- Utilizing work to date: review for adaptability
- Assess impact and develop appropriate plans for (plans for addressing agents, 70,000, etc)

Cover Oregon ~~this year~~ 2014

1. Cover Oregon will continue to support its customer base, its carriers its agents and its community partners.
2. QHP Enrollees do not have to do anything regarding enrollment for now.
3. OHA Enrollees are not affected by the Board's vote.
4. ~~The Board's vote did not close down Cover Oregon~~

2014 benefit year

- Cover Oregon will continue all the same functions it currently does
 - Customer service
 - Eligibility and enrollment for commercial and Medicaid coverage
 - Will continue to use the technology investment for these functions

Implications for current business

- Customers
- Business partners
 - Insurance carriers
 - Agents
 - Community partners
- Employees
- Financial viability

CO Funds Spent Inception through Mar 31, 2014

	Life-to-Date Total*	Planned Expenses	Unplanned Expenses	IT Develop - ment
OPERATING EXPENSES				
Salaries, taxes, & benefits	\$ 20,756,758	\$ 20,756,758		
Communication & outreach	17,247,617	17,247,617		
Professional Services - General	12,383,547	3,200,000	9,183,547	
Professional Services - IT	125,169,620	11,400,000		113,769,620
Facilities	1,464,561	1,464,561		
Equipment and supplies	2,126,428	2,126,428		
Equipment - IT Computers & Servers	1,165,054	1,165,054		
Travel & Training	319,747	319,747		
General Administrative Expenses	715,399	715,399		
TOTAL EXPENSES	\$ 181,348,731	\$ 58,395,563	\$ 9,183,547	\$ 113,769,620
*Excludes federal grants distributed directly to the Oregon Health Authority				

JOINT IT COSTS TO DATE GOES HERE

*WE HAVE NOT SPENT \$250M ON THE WEBSITE.
COSTS WILL COME MONDAY*

TABLE COMPARING CO
ENROLLMENTS WITH OTHER
STATES GOES HERE

CLOSING SLIDE

- NEXT STEPS/TIMELINES FOR ENTIRE PROJECT?
MOVE IT ALL TO THE END?

COVER OREGON



**COVER
OREGON**

	Life-to-Date Total*	Planned Expenses	Unplanned Expenses	IT Develop - ment
OPERATING EXPENSES				
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*Excludes federal grants distributed directly to the Oregon Health Authority

Message

From: Patricia McCaig [REDACTED]
Sent: 6/25/2014 1:55:54 PM
To: Mike Bonetto [BONETTO PERSONAL EMAIL]; Sean Kolmer [KOLMER PERSONAL EMAIL]
Subject: Front page story

This hurts us with the voters and everything we were trying to accomplish. We were climbing out if a hole inch by inch.

I think we now need to move more aggressively and openly on a course to close it down. We need to know how to do it ASAP - which leads to the board's retreat agenda.

PMC

Message

From: Sean Kolmer [KOLMER PERSONAL EMAIL]
Sent: 7/17/2014 10:43:54 PM
To: Tina Edlund [EDLUND PERSONAL EMAIL]; Patricia McCaig [BONETTO PERSONAL EMAIL]; Tim Raphael [RAPHAEL PERSONAL EMAIL]; Mike Bonetto [BONETTO PERSONAL EMAIL]; [REDACTED] Nkenge [HARMON JOHNSON CONSULTANT EMAIL]
Subject: connecting tonight

I suggest we connect tonight if possible. Agenda would be

1. Overview of CO agenda (and any materials I get)
2. Review/edits Gov letter for CO
3. Review any media developments/requests
4. Review CO email draft re: clyde transition (if i get it)

I suggest 830. Let me know if that works. We can use

[REDACTED]

sk

Message

From: Sean Kolmer [KOLMER PERSONAL EMAIL]
Sent: 7/18/2014 2:01:20 AM
To: Tina Edlund [EDLUND PERSONAL EMAIL]
CC: [PALMATEER PERSONAL EMAIL] TimS360 [RAPHAEL PERSONAL EMAIL] Mike Bonetto [BONETTO PERSONAL EMAIL]
Patricia McCaig [REDACTED] Nkenge [HARMON JOHNSON CONSULTANT EMAIL]
Subject: Re: connecting tonight

Before 8 and 11-130 would work for me. To speed up things, if folks have edits to letter send my way and I can combine.

On Jul 17, 2014 4:46 PM, "Tina Edlund" [REDACTED] wrote:
Am also free at noon, but can catch up with Sean later.

On Jul 17, 2014, at 4:43 PM, Tim Raphael [RAPHAEL PERSONAL EMAIL] wrote:

I can do before 9 or after 10:30

Tim Raphael

[REDACTED]

On Jul 17, 2014, at 4:42 PM, Tina Edlund [EDLUND PERSONAL EMAIL] wrote:

I have a breakfast from 7:30 to 9, but am free from 9 to 10. T

On Jul 17, 2014, at 4:36 PM, Patricia McCaig [REDACTED] wrote:

Just looked again at schedule tonight and 8 .30 really isn't going to work. Sorry. What's a good time in the am?

PMc

On Jul 17, 2014, at 4:28 PM, Sean Kolmer [KOLMER PERSONAL EMAIL] wrote:
we are on at 830 for those that can join. be there or be square.


On Thu, Jul 17, 2014 at 4:17 PM, Patricia McCaig [REDACTED] wrote:
I've got a 7 -8 already

PMc

On Jul 17, 2014, at 3:56 PM, Sean Kolmer [KOLMER PERSONAL EMAIL] wrote:
we could also do something early tomorrow morning. say 7:00...

On Thu, Jul 17, 2014 at 3:55 PM, Patricia McCaig [REDACTED] wrote:
Tim and I are in focus groups we might have a break in between and 8:30 could work.

Patricia McCaig




On Jul 17, 2014, at 3:43 PM, Sean Kolmer wrote:

I suggest we connect tonight if possible. Agenda would be

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2. Review/edits Gov letter for CO
3. Review any media developments/requests
4. Review CO email draft re: clyde transition (if i get it)

I suggest 830. Let me know if that works. We can use



sk

Message

From: Sean Kolmer [REDACTED]
Sent: 7/17/2014 9:52:04 PM
To: Patricia McCaig [REDACTED]; Tim Raphael [REDACTED]; [REDACTED] Nkenge [REDACTED];
[REDACTED] HARMON JOHNSON CONSULTANT EMAIL; Tina Edlund [REDACTED] EDLUND PERSONAL EMAIL; Mike Bonetto [REDACTED] BONETTO PERSONAL EMAIL
Subject: materials
Attachments: Draft Board Agenda 7-21-14 3-5 pm V3.docx

Attached is latest draft for Monday section of Board and below is a draft for Tuesday. My comments are in red after talking to Aaron this afternoon. I am getting materials today sometime.

5-6p: Free/Social Time

6-6:45: Dinner

7-9p:

- Get to know Aaron
 - As I haven't had the opportunity formally meet all of the Board Members, this will be my opportunity to tell them about my background, and my interest and commitment to the Executive Director Role at Cover Oregon.
- Aaron, get to know the Board members (and others)
- Celebration/acknowledgement of the hard work over the recent past
- Set the stage for Tuesday's session
 - Who all will be there and why? **What does this mean**
 - Review of the agenda

Tuesday Agenda (as we left it last evening) is as follows:

1. Here's where we are — 60' **materials**
 1. Legal Framework **federal rules and SBM, boundaries around running an exchange**
 2. Economic Framework **division of responsibilities, enrollment and PPM projections, budget models and assumptions, what the need might be, this is a problem**
2. What is important to you as Board members? — 60'
 1. What principles can we agree upon to help govern the work of Cover Oregon?
 2. What criteria do we want to use to measure "success" of our efforts?
3. Matrix/Table/Information regarding different types of exchanges (FFM/SSBM/SBM etc) — 30' **Nora version and just a comparison document,**
 1. Big picture message about the recommendation that the Board will need to make to the legislature
4. So...what do you think? — 90'
 1. Given conversation in agenda items 2 and 3, how do we achieve the best desired end result for the citizens of Oregon.
5. Governance discussion — 60' **Current operations, rules of engagement**
 1. Expectations around communication, receipt of information, typical "how we'd like to do business moving forward" conversation.
 2. Clyde provides his perspective/observations regarding the Board. This will be extremely valuable for 2 reasons:
 1. It will help send the message that his work at Cover OR is complete.

2. He has some important observations and considerations for the Board that will help engage them in the work moving forward.

Main messages for Monday

1. Aaron is here and accountable, reinforce message about Hamstreet transitions
2. Working through backlog and on stable footing with current workload
3. Moving forward, making progress on being successful for transition

Main messages for Tuesday

1. Principle and criteria for the work moving forward.
2. How the Board will govern itself in 2014 (expectation setting for new ED)

Main worries

1. I still have not seen materials and sounds like Clyde has been heavily involved in most of them. When I get them I will send. Main area of concern the "economic framework" that my gut tells me is clyde making his business pitch to save this thing.
2. Aaron gets Clyde needs to take a back seat but has a big chunk of time at end of day 2 with clyde on it. Don't trust his comments will be focused and helpful and will muddle messages.

AGENDA

Cover Oregon

July 21, 2014

6:00 – 9:00 pm

Grand Hotel Bridgeport, 7265 SW Hazelfern Road, Tigard, OR 97224



Agenda Item	Presenter	Type of Item
3:00 Welcome, Introductions, Agenda Overview (5 mins.) <ul style="list-style-type: none">6-12-14 minutes	Chair Liz Baxter	Action
3:05 Executive Leadership Transition (10 mins.) <ul style="list-style-type: none">Introduction of Aaron Patnode, Executive Director	Clyde Hamstreet Aaron Patnode, <i>CO Executive Director</i>	Inform/ Action
3:15 Transition Project Report (30 mins.)	Tina Edlund, <i>Transition Project Director</i>	Inform/D iscuss
3:45 Technology Update (15 mins.)	Alex Pettit, <i>CO CIO</i>	Inform/ Discuss
4:00 Operations Report (20 mins.)	Mark Schmidt, <i>CO COO</i>	Inform/ Discuss
4:20 Financial Update (20 mins.)	Clyde Hamstreet Mike Smith, <i>CO Controller</i> Sue King, <i>CO CFO</i>	Inform/ Discuss
4:40 Public Comment (10 mins.)	Chair Liz Baxter	Inform
4:50 Adjournment	Chair Liz Baxter	Action

Next Meetings:

July 21, 2014 (6-7 pm) – Grand Hotel Bridgeport, 7265 SW Hazelfern Road, Tigard, OR 97224

July 21, 2014 (7-9 pm) – Grand Hotel Bridgeport, 7265 SW Hazelfern Road, Tigard, OR 97224

July 22, 2014 (8:30 am – 5:00 pm) – Oregon Medical Association, 11740 SW 68th Parkway, Portland OR 97223

IMPORTANT INFORMATION ABOUT VIEWING MEETING ONLINE

Cover Oregon is switching to GoToWebinar technology to broadcast meetings. You will need to register for the webinar at: <https://attendee.gotowebinar.com/register/1609984449937142530>

After registering, you will receive a confirmation email containing information about joining the webinar. Please be sure that you download the GoToWebinar software prior to the meeting as it can take a few minutes to install successfully.

Mission: Improving the health of all Oregonians by providing coverage options, increasing access to information and fostering quality and value in the health care system.

The Exchange seeks to improve the health of all Oregonians and reduce health disparities and costs by:

1. The establishment of the Oregon Health Insurance Exchange, with the following benchmarks:
 - Legislative approval of the Board's business plan in February 2012;
 - Federal certification of readiness in January 2013;
 - Implementation of open enrollment for the individual and small group markets by October 2013;
 - Start of coverage for the individual and small group markets by January 1, 2014;
 - Self-sustaining financially by January 1, 2015.
2. Providing information to individuals and businesses so they can compare health coverage options, make informed health care decisions, and enroll in a plan that meets their needs;
3. Qualifying health plans and ensuring fair competition among plans so that program participants have meaningful coverage choices;
4. Maximizing enrollment in qualified insurance plans by individuals and employers;
5. Maximizing federal funding contributions and assistance to the State of Oregon, qualified individuals and other participants up to self-sufficiency.

DRAFT



COVER
OREGON

From: KOLMER Sean P * GOV [REDACTED]@oregon.gov>
Sent: 7/18/2014 9:44:26 PM +0000
To: Fauver Amy [REDACTED]@coveroregon.com>
CC: "Patnode, Aaron" [REDACTED]@coveroregon.com>; EDLUND Tina
D [REDACTED]@state.or.us>
Subject: Re: Board materials
Attachments: image001.jpg

im good with you edits and the matrix. asked tina to take a look as well

thx

On Jul 18, 2014, at 10:15 AM, "Fauver Amy" [REDACTED]@coveroregon.com
<mailto:afauver@coveroregon.com> > wrote:

**** Resending with my edits**

Hi Sean – I talked to Aaron this morning and he asked me to send you the materials for the Board meetings next week. I am about to review these latest drafts so these aren't final yet. Our goal is to send these to board members sometime today.

Thanks,
Amy

Amy Fauver | Chief Communications Officer | Cover Oregon
[REDACTED]

> **From:** Maren Cohn <[REDACTED]>
Date: Thursday, July 17, 2014 6:36 PM
To: Amy Fauver <[REDACTED]>
Cc: Clyde Hamstreet <[REDACTED]>
Subject: Board materials

Amy,

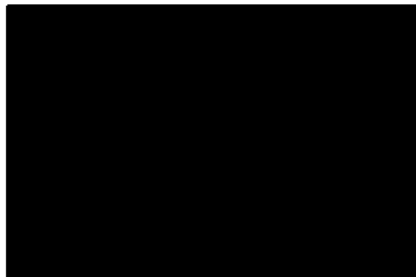
I should have copied you on these when I sent them to Clyde. Here are two items we'd like to provide the Board in advance of the work session. Please take a fresh look as things have changed a lot. Based on the conversation yesterday we've

removed just about everything that might come across as overly directive, but we do still want the board to have certain tools at its fingertips, and it would be best to have them in advance so they can start thinking about their priorities. Clyde still needs to review them as well, but we'd like to circle round in the morning to make final changes before distributing to the Board later in the day.

Thanks,

Maren

Hamstreet & Associates

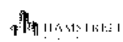


<image001.jpg>

<image001.jpg>

<Matrix of functions by structure of HIX 7-17-14 AF edits.docx>

<Board Work Session Materials DRAFT 7-17-14 V9 AF edits.docx>



To: John Kitzhaber [redacted]@gmail.com]
Cc: Jan Murdock [redacted]@com]
From: Patricia McCaig
Sent: 2014-08-30T13:45:46Z
Subject: Draft_Board_Agenda_7-22-14.pdf
Received: 2014-08-30T13:45:59Z
[Draft_Board_Agenda_7-22-14.pdf](#)
[ATT00001.txt](#)

The letter from you to the Cover Oregon Board is the 3 rd page in this doc. I could not figure out how to separate it out.

Would like to discuss CO strategy further, have an approach that might work.

PMC

AGENDA



Cover Oregon

July 22, 2014

8:30 am – 5:00 pm

Oregon Medical Association, 11740 SW 68th Parkway, Portland OR 97223

Agenda Item	Presenter	Type of Item
8:30 Welcome, Introductions, Agenda Overview (10 mins.)	Chair Liz Baxter Diana Bianco, <i>Facilitator</i>	Action
8:40 Framework for Planning Session Discussions (70 mins.) <ul style="list-style-type: none">Letter from Governor KitzhaberLegal framework and responsibilitiesEconomic framework	Diana Bianco, <i>Facilitator</i> Aaron Patnode, <i>CO Executive Director</i> Sean Kolmer, <i>Governor's Health Care Policy Advisor</i>	Inform/ Discuss
9:50 Break (10 mins.)		
10:00 Developing Guiding Principles and Criteria to Use in Making Decisions (60 mins.)	Diana Bianco Board Members Aaron Patnode	Inform/ Discuss
11:00 Marketplace Models (60 mins.)	Diana Bianco Board Members Aaron Patnode	Inform/ Discuss
12:00 Break for Lunch (20 mins.)		
12:20 Discussion of Models and Next Steps (90 mins.)	Diana Bianco Board Members Aaron Patnode	Inform/ Discuss
1:50 Break (10 mins.)		

2:00 **Conversation about Governance** (60 mins.)

Diana Bianco
Board Members
Aaron Patnode

**Inform/
Discuss**

3:00 **Adjournment**

Chair Liz Baxter

Action

Next Meeting:

TDB

IMPORTANT MEETING INFORMATION

This meeting will be available remotely through AT&T conference call only – there will not be a video broadcast. The conference call will begin after the dinner portion of the meeting is over.

To join the call, dial toll-free:



Mission: Improving the health of all Oregonians by providing coverage options, increasing access to information and fostering quality and value in the health care system.

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3. Qualifying health plans and ensuring fair competition among plans so that program participants have meaningful coverage choices;
4. Maximizing enrollment in qualified insurance plans by individuals and employers;
5. Maximizing federal funding contributions and assistance to the State of Oregon, qualified individuals and other participants up to self-sufficiency.



JOHN A. KETZLEBER, MD
GOVERNOR

July 21, 2014

By E-mail Only: board@coveroregon.com

Liz Baxter

Cover Oregon Board of Directors

Dear Chair Baxter:

I am writing to you today to share my observations, concerns, and questions as the Cover Oregon Board begins the discussion about the future of Cover Oregon. This is an important and timely discussion that ultimately will involve not only the Cover Oregon Board, but other state agencies, federal partners, stakeholders, and the Legislature.

The decision was made to transfer responsibility for individual commercial health care enrollment in Oregon to the federal exchange and transition Medicaid enrollment back to the Oregon Health Authority, because it was the least expensive and least risky alternative. It was the only decision that provided more predictability and a greater certainty for success in enrolling Oregonians into quality affordable health insurance this November and the future. This decision fundamentally changed your workload, responsibilities and financing moving forward.

As you wrestle with the exchange functions remaining with the state—those unrelated to technology, eligibility and enrollment-- I urge you to stay focused on your mission statement -- "improving the health of all Oregonians by providing coverage options, increasing access to information and fostering quality and value in the health care system." In that context, it is clear that Oregon's state exchange was envisioned to be a means to an end, not the end in and of itself. Your work -- our work -- is to ensure Oregonians have access to quality, affordable health care. As I have said before, form should follow function.

The Board's ongoing commitment to getting Oregonians the health coverage they need and deserve is what has allowed us to overcome technology challenges and succeed in enrolling more than 320,000 Oregonians through the exchange. That same commitment is needed now in considering the appropriate steps moving forward.

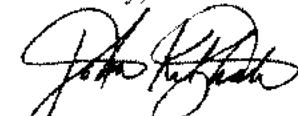
I will evaluate any recommendations on remaining state exchange functions and the state's ongoing role in the health insurance marketplace by applying the following principles:

Liz Baxter
Cover Oregon Board of Directors
July 21, 2014
Page 2

- **Commitment to reform to improve health outcomes.** Oregon should retain state control of the individual and small group markets to ensure and continue delivery system reform.
- **Financial sustainability.** Any structure must be financially self-sustaining.
- **Accountability.** Strong public oversight and accountability must be built into any options moving forward.
- **Form should follow function.** We know what we will be doing in the future as a state and the question should be how best those functions are achieved.
- **Limit risk.** We should learn from our past to limit risk and scope. There continues to be a need to be focused and disciplined.

I offer any support my administration can offer for this work. Thank you for you and the Board's commitment and work towards improving the health of Oregonians.

Sincerely,



John A. Kitzhaber, M.D.
Governor

Cover Oregon – Legal and Economic Framework for 2015 Plan Year

Introduction

The Board set much in motion with its decisions in April that Cover Oregon would use the federal health insurance marketplace for the 2015 open enrollment period and that its Medicaid eligibility engine would move to OHA. These two decisions have many implications: they change what Cover Oregon does; they affect the size and staffing of the organization; they foreclose some possibilities. On top of these changes, a new Executive Director stepped into the leadership role as of July 14. The moment is opportune for the Board to come together, so it can begin both to chart Cover Oregon's future course and to build a good working relationship with Aaron Patnode.

Part of the discussion in the Board's work session on Tuesday, July 22, will focus on what Cover Oregon looks like today, what it will look like during the 2015 plan year as a result of the Board's decisions in April, and what it might look like in the future. As background to these discussions, it is helpful to keep in mind some key aspects of the legal framework in which Cover Oregon must operate. This brief document summarizes that framework for the Board and may be helpful to review in advance of the work session.

Federal rules and laws specific to state-based marketplaces

Pursuant to the federal Patient Protection and Affordable Care Act (ACA), Oregon elected to become a state-based marketplace (SBE, also referred to as a state-based marketplace or SBM). As such, the state must provide certain services under federal law. The Board's decision to switch to federal marketplace technology for the 2015 enrollment period and plan year changes Oregon's status in November 2014 to a Supported State-Based Marketplace, or SSBM. As an SSBM the state will meet certain of the SBM requirements indirectly through the federal marketplace rather than directly through Cover Oregon.

ACA mandates that all marketplaces —whether state-based, federal, or a state-federal partnership, “fulfill five core functions: eligibility, enrollment, plan management, consumer assistance, and financial management.”¹ Each of these areas in turn implies many additional requirements and functions, for example:

- **Eligibility** means offering a single application that consumers can fill out in a number of ways (online, in person, by phone, fax, or mail), and that collects information necessary to determine eligibility for coverage and financial assistance based on numerous federal criteria. The eligibility function is a highly complex sorting process, directing all kinds of individuals to the right place to enroll in health insurance, whether that place is the exchange or the state agency administering Medicaid or CHIP.

¹ This quote and the following paraphrased elaboration of the five core functions come from the same document, a health policy brief issued by the Robert Wood Johnson Foundation and available at: http://www.healthaffairs.org/healthpolicybriefs/brief.php?brief_id=84.

- **Enrollment** means providing a mechanism for eligible consumers to enroll in health plan, again including Medicaid and CHIP.
- **Plan management** involves the certification and grading of qualified health plans, review of rate and benefit information, regulation of marketing, and ongoing regulatory oversight.
- **Consumer assistance** means offering in-person assistance in culturally and linguistically appropriate ways, maintaining a website and call center, performing outreach and education, and operating a so-called Navigator program to help individuals and small employers understand their options. The marketplace's website must help people shop for qualified health plans, compare benefits and premiums, calculate the applicable tax credit, and choose a plan.
- **Financial management** involves tracking, oversight, and accountability functions, including accounting, auditing, and reporting. Marketplaces are required to be financially self-supporting by January 2015 and can generate revenue to operate through user fees from health plans or other means.

Oregon Health Policy

In December 2010 the Oregon Health Policy Board issued a report identifying the state's "triple aim" in health policy and setting an Action Plan for Health. A preliminary section of this report provides:

Triple Aim

- *Improve the lifelong health of all Oregonians;*
- *Increase the quality, reliability and availability of care for all Oregonians; and*
- *Lower or contain the cost of care so it is affordable for everyone.*

Under the Triple Aim, this Action Plan includes steps toward creating a health system in which:

- *The health of all Oregonians is improved;*
- *Consumers can get the care and services they need, coordinated locally with access to statewide resources when needed, by a team of health professionals who understand their culture and speak their language;*
- *Consumers, providers, community leaders and policymakers have the high-quality information they need to make better decisions and keep delivery systems accountable;*
- *Quality and consistency of care are improved and costs are contained through new payment systems and standards that emphasize outcomes and value rather than volume;*
- *Communities and health systems work together to find innovative solutions to reduce overall spending, increase access to care and improve health; and,*
- *-lectronic health information is available when and where it is needed to improve health and health care through a secure, confidential health information exchange.*

Statutory Framework for Cover Oregon

Oregon statute provides that the mission of the state's health insurance marketplace is to:²

- a) *Incorporate the goals of improving the lifelong health of all Oregonians, increasing the quality, reliability and availability of health insurance for all Oregonians and lowering or containing the cost of health insurance so that health insurance is affordable to everyone.*
- b) *Administer a health insurance exchange in the public interest for the benefit of the people and businesses that obtain health insurance coverage for themselves, their families and their employees through the exchange.*
- c) *Empower Oregonians by giving them the information and tools they need to make health insurance choices that meet their needs and values.*
- d) *Improve health care quality and public health, mitigate health disparities linked to race, ethnicity, primary language and similar factors, control costs and ensure access to affordable, equitable and high-quality health care throughout this state.*
- e) *Be accountable to the public.*
- f) *Encourage the development of new health insurance products that offer innovative:*
 - A) *Benefit packages for the coverage of health care services;*
 - B) *Health care delivery systems; and*
 - C) *Payment mechanisms.*

In furtherance of that mission, Oregon statutory requirements for the health marketplace closely mirror those specified in federal law and summarized above. As originally conceived Cover Oregon would have fulfilled all of these functions. With the move to federal technology, however, QHP eligibility and enrollment will fall to the federal marketplace for the 2015 plan year, and many of the other functions will be shared. Cover Oregon retains nearly all of the financial accountability functions and many of the plan management and consumer assistance responsibilities. The Oregon Health Authority (OHA) and Oregon Insurance Division (OID) also play important roles related to the state's status as an SBM.

The work session will review Cover Oregon's functions in more detail. In summary, however, beginning in November 2014 as a Supported State-Based Marketplace, Cover Oregon will primarily carry out the following tasks:

- Certification, decertification, and recertification of qualified health plans
- Administration of in-person Assister/Navigator program (selection, registration/certification, management, training, communications, funding)
- Consumer education and outreach (O E) with a focus on the QHP market, but coordinating with OHA on programs like OHP and Healthy Kids
- Stakeholder consultation
- Tribal consultation
- Call center
 - Ongoing 2014 support
 - General information/FAQ

² ORS 741.001

- (Optional for 2015) Supplement federal call center for Oregon-specific information
- 2014 wrap up relations with agents, including cancellation of contracts, reconciliation of commissions, and 2014 tax reporting. Most other aspects of agent relations shift to the federal system and/or to carriers, although the OID (along with carriers) retains oversight and approval of agent credentials. Cover Oregon has the option to provide supplemental agent training and/or tools and resources to assist with the transition.

Cover Oregon - Board Mission and Goals

***Mission:** Improving the health of all Oregonians by providing coverage options, increasing access to information and fostering quality and value in the health care system.*

***Goals:** Improve the health of all Oregonians and reduce health disparities and costs by:*

- *The establishment of the Oregon Health Insurance - xchange, to be financially self-sustaining by January 1, 2015.*
- *Providing information to individuals and businesses so they can compare health coverage options, make informed health care decisions, and enroll in a plan that meets their needs;*
- *Qualifying health plans and ensuring fair competition among plans so that program participants have meaningful coverage choices;*
- *Maximizing enrollment in qualified insurance plans by individuals and employers;*
- *Maximizing federal funding contributions and assistance to the State of Oregon, qualified individuals and other participants up to self-sufficiency.*

Projected Enrollment and Revenue

Preliminary forecasting suggests the following metrics:

- 2014 enrollment. Estimated at 70,000, with approximately 80% receiving tax credits.
- Target market size and potential longer-term enrollment. Two independent estimates put Oregon's QHP-eligible market size at 337,000 and 350,000.³ The Kaiser model estimates that 187,000 in this market qualify for tax credits—making them the most likely pool to enroll for coverage through the marketplace. Assuming that over the next three years Cover Oregon will capture 80% of the tax-credit eligible market and 20% of the remaining QHP-eligible market,⁴ Cover Oregon has a potential pool of 180,000 likely individual enrollees. In a separate projection, the Congressional Budget Office estimates that 2016 enrollment will triple the 2014 number. In Oregon that would yield a larger enrollment figure in 2016, more in the neighborhood of 210,000. *In light of these estimates and based on its experience so far in 2014, Cover Oregon assumes gradual enrollment growth from 70,000 in 2014 up to 190,000 in 2017.*

³ Respectively, Kaiser Family Foundation and Urban Health Insurance Policy Simulation Model.

⁴ Based on current enrollment data showing that approximately 20% of current QHP enrollees do not receive tax credits.

The table below presents estimates by year. Please note that the estimates do not include SHOP.

- 2015 enrollment and revenue. In April 2014, the Cover Oregon Board adopted a plan administration fee of \$9.66 per member per month (PMPM) for the 2015 plan year. Based on current budget forecasting and assuming enrollment of 102,500, Cover Oregon estimates that it will have approximately \$10 million to work with in the 2015 plan year.
- Potential 2016/17 revenue. In addition to enrollment, revenue projections require an estimate for the administrative fee that will be assessed to carriers. For purposes of discussion and without intending the amount as a concrete proposal, we assume \$10 PMPM in both 2016 and 2017. On this basis, Cover Oregon projects revenues of approximately \$15 million in 2016 and \$19.5 million in 2017.

Plan year	Estimated enrollment	Admin fee (PMPM)	Avg. member months/year	Estimated fee-based revenue
2014	70,000	\$ 9.38	9	\$ 5.9 million
2015	102,500	\$ 9.66	10	\$ 9.9 million
2016	150,000	\$ 10.00*	10	\$ 15.5 million
2017	190,000	\$ 10.00*	10	\$ 19.6 million

*Assumed for presentation purposes only

FUNCTIONS**2015** - what will occur in state vs. at federal level**2016** - what should occur in state vs. at federal level

	2015		2016	
	Individual	SHOP	Individual	SHOP
Eligibility				
QHP, tax credit eligibility	Federal	Federal	<input type="checkbox"/>	<input type="checkbox"/>
Medicaid/CHIP eligibility	State	NA	<input type="checkbox"/>	<input type="checkbox"/>
Appeals	Federal	Federal	<input type="checkbox"/>	<input type="checkbox"/>
Exemptions	Federal	Federal	<input type="checkbox"/>	<input type="checkbox"/>
Plan Management				
QHP certification (setting standards/reqs)	State	Federal	<input type="checkbox"/>	<input type="checkbox"/>
Rates and forms review in state	State	State	<input type="checkbox"/>	<input type="checkbox"/>
Customer Assistance				
Consumer Education	State	Federal	<input type="checkbox"/>	<input type="checkbox"/>
Navigator/Assistor program	Federal	Federal	<input type="checkbox"/>	<input type="checkbox"/>
Agent Relations	Federal	Federal	<input type="checkbox"/>	<input type="checkbox"/>
Customer Support Center (Call Center)	State/Federal	Federal	<input type="checkbox"/>	<input type="checkbox"/>

Exchange Functions Under Full State Exchange, Supported State Exchange, Partnership, and Federal Exchange Models

Under the Affordable Care Act, an exchange offers access to coverage and financial assistance to residents of each state. States chose whether its exchange would be:

- A State-Based Exchange (also called Marketplace) run by the state (SBE or SBM);
- A Federally-Facilitated Exchange/Marketplace (FFE/FFM); or
- A Partnership Exchange.

Seventeen states and the District of Columbia chose to operate state-based marketplace, five created partnership marketplaces, and 29 opted for federal facilitation. In response to the struggles of some states to timely fulfill all of the requirements of an SBE, the Federal Centers for Medicare and Medicaid Services (CMS) created "Supported State Based Marketplaces" (SSBM) as a fourth designation. CMS regards SSBM status as transitional.

The Oregon Legislature chose to create an SBM in 2011, and Oregon continues to be an SBM. In 2015, by virtue of using the federal technology, Oregon will become an SSBM. Assuming Oregon cannot remain an SSBM forever (or that it might not want to), it is appropriate for the state to consider its options for the future, and for the Cover Oregon Board to take the lead in that discussion.

Depending on the marketplace model, the various requirements and responsibilities are fulfilled by the state, the federal government, or a combination of the two. The following matrix shows which entities perform certain key exchange functions under each model. For Oregon, the table also shows which different state entities (e.g., Cover Oregon, the Oregon Health Authority (OHA), or the Oregon Insurance Division (OID)) would perform state functions depending on whether the entity performing them is free-standing (such as Cover Oregon) or a program run by a state agency (OHA or OID).

This matrix is intended to help the Board:

- (i) Consider and assess the implications of certain key distinctions between the different marketplace models; and
- (ii) Within the SBM (or SSBM) model, consider and assess options about which state entities should perform which SBM functions.

Exchange Functions Under Full State Exchange, Supported State Exchange, Partnership, and Federal Exchange Models

Functions	(A1) Free-standing State-Based Marketplace <i>This is what Cover Oregon is through December 2014</i>	(A2) State Based Marketplace as a program of OHA and/or OID	(B1) Supported-State Based Marketplace ¹ run by free-standing organization <i>This is what Cover Oregon will be in 2015</i>	(B2) SSBM ² as a program of OHA and/or OID	(C) Partnership Marketplace ³	(D) Federally Facilitated Marketplace ⁴ (no state exchange)
Eligibility and enrollment functions	SBM does eligibility and enrollment for QHP, tax credits and if state chooses, Medicaid and CHIP	OHA does eligibility and enrollment for QHP, tax credits, Medicaid and CHIP	FFM: QHP and tax credit eligibility and enrollment; Medicaid and CHIP eligibility for people who visit healthcare.gov OHA: Medicaid and CHIP eligibility for people who come to OHA. OHA: All Medicaid, CHIP enrollments	FFM: Eligibility and enrollment for QHP and tax credits; Medicaid and CHIP eligibility for people who visit healthcare.gov OHA: Medicaid, CHIP eligibility for people who come to OHA. OHA: All Medicaid, CHIP enrollments	FFM: Eligibility and enrollment for QHP and tax credits; Medicaid and CHIP eligibility for people who visit healthcare.gov OHA: Medicaid and CHIP eligibility for people who come to OHA. OHA: All Medicaid and CHIP enrollments	FFM: Eligibility and enrollment for QHP and tax credits; Medicaid and CHIP eligibility for people who visit healthcare.gov OHA: Medicaid and CHIP eligibility for people who come to OHA. OHA: All Medicaid and CHIP enrollments
Appeals	SBM does QHP and tax credit appeals OHA runs Medicaid and CHIP appeals	OHA or OID runs QHP and tax credit appeals OHA runs Medicaid and CHIP appeals	FFM runs QHP and tax credit appeals OHA runs Medicaid and CHIP appeals	FFM runs QHP and tax credit appeals OHA runs Medicaid and CHIP appeals	FFM runs QHP, tax credit appeals OHA runs Medicaid, CHIP appeals	FFM runs QHP, tax credit appeals OHA runs Medicaid, CHIP appeals

¹ "Supported State Based Marketplace" is a transition status.

² State statute would need to be changed in order to have an exchange not administered by Cover Oregon. For OID to administer plan certification standards in addition to what it is currently doing in the individual and small group markets would likely require a statutory change.

³ State statute would need to be changed in order to have Oregon become a partnership marketplace.

⁴ State statute would need to be changed in order to stop being a state-based marketplace.

Exchange Functions Under Full State Exchange, Supported State Exchange, Partnership, and Federal Exchange Models

Functions	(A1) Free-standing State-Based Marketplace <i>This is what Cover Oregon is through December 2014</i>	(A2) State Based Marketplace as a program of OHA and/or OID	(B1) Supported-State Based Marketplace ¹ run by free-standing organization <i>This is what Cover Oregon will be in 2015</i>	(B2) SSBM ² as a program of OHA and/or OID	(C) Partnership Marketplace ³	(D) Federally Facilitated Marketplace ⁴ (no state exchange)
Exemptions	SBM, with or without FFM partnership	OHA or OID, with or without FFM partnership	SSBM in partnership with FFM	OID or OHA in partnership with FFM	Partnership between FFM and OID or OHA	FFM
QHP Certification, including attestations review	SBM sets standards, runs certification process and chooses plans	OID or OHA sets standards, runs certification process and chooses plans	SSBM runs the certification process, recommends certification to CMS, which is the actual certifier	OID or OHA runs the certification process, recommends certification to CMS, which is the actual certifier	OID or OHA runs the certification process, recommends certification to CMS, which is the actual certifier	FFM State can not require additional certification standards, but OID can set standards for all insurance products
Rate/forms review	OID responsibility	OID responsibility	OID responsibility	OID responsibility	OID responsibility	OID responsibility
Plan quality rating information for consumers	Federal Quality Rating System or QRS (starting 2016) SBM can develop additional information and present it on the portal	Federal QRS (starting 2016) OHA or OID can develop additional information and present it on the portal	Federal QRS (starting 2016) SSBM can develop additional information but cannot display on the federal portal	Federal QRS (starting 2016) OHA or OID can develop additional information but cannot display on the federal portal	Federal QRS (starting 2016) OHA or OID can develop additional information but cannot display on the federal portal	Federal QRS (starting 2016) OHA or OID can develop additional information but cannot display on the federal portal
Administration of Navigator/In Person Assistance program	State (SBM, OHA)	State (OHA, OID)	SSBM and OHA in coordination or together	OID and/or OHA	FFM and State	FFM. State could run a separate program In FFM states, federal government funds Navigators

Exchange Functions Under Full State Exchange, Supported State Exchange, Partnership, and Federal Exchange Models

Functions	(A1) Free-standing State-Based Marketplace <i>This is what Cover Oregon is through December 2014</i>	(A2) State Based Marketplace as a program of OHA and/or OID	(B1) Supported-State Based Marketplace¹ run by free-standing organization <i>This is what Cover Oregon will be in 2015</i>	(B2) SSBM² as a program of OHA and/or OID	(C) Partnership Marketplace³	(D) Federally Facilitated Marketplace⁴ (no state exchange)
Consumer Education	Together or in coordination, SBM and OHA for QHP, Medicaid and CHIP populations	OHA and/or OID for all populations	SSBM for QHP population OHA for Medicaid and CHIP population	OHA and/or OID for all populations	OID or OHA for all populations	FFM – not targeted to Oregon-specific issues
Tribal and other stakeholder consultation	SBM	OHA and/or OID	SSBM	OHA and/or OID	FFM (may be a role for state)	FFM
Call center	SBM OHA also runs a Medicaid call center	OHA or OID OHA also runs a Medicaid call center	FFM runs call center for eligibility and enrollment. SSBM maintains call center to help consumers/answer non-eligibility questions OHA also runs a Medicaid call center	FFM runs call center for eligibility and enrollment. State-based exchange maintains call center to help consumers/ answer non-eligibility questions OHA also runs a Medicaid call center	FFM	FFM
Agents relations	SBM trains and certifies agents OID licenses agents to work in Oregon	OID licenses agents to work in Oregon, could also train and certify agents to use exchange	FFM and Carriers OID licenses agents to work in Oregon	FFM and Carriers OID licenses agents to work in Oregon	FFM and Carriers OID licenses agents to work in Oregon	FFM and Carriers OID licenses agents to work in Oregon

Exchange Functions Under Full State Exchange, Supported State Exchange, Partnership, and Federal Exchange Models

Functions	(A1) Free-standing State-Based Exchange <i>This is what Cover Oregon is through December 2014</i>	(A2) State Based Exchange as a program of OHA and/or OID	(B1) Supported-State Based Exchange⁵ run by free-standing organization <i>This is what Cover Oregon will be in 2015</i>	(B2) SSBM as a program of OHA and/or OID	(C) Partnership Exchange⁶	(D) Federally Facilitated Marketplace⁷ (no state exchange)
Collection and use of administrative fees	SBM sets and collects administrative fee, currently ~2.5% of premiums	OHA or OID sets and collects fee	SSBM sets and collects fee set by CO Board	OHA or OID sets and collects fee	FFM sets and collects administrative fee, currently 3.5% of premium	FFM sets and collects administrative fee, currently 3.5% of premium
Coordination between Exchange and other state markets or potential programs	SBM with OHA, OID	OHA between programs and with OID	SSBM with OHA, OID Unknown whether FFM would accommodate Oregon coordination	OHA between programs and with OID Unknown whether FFM would accommodate Oregon coordination	Unknown whether FFM would accommodate Oregon coordination	Unknown whether FFM would accommodate Oregon coordination
Research & evaluation	SBM	OID or OHA (parameters unknown)	SSBM (parameters unknown)	OHA or OID (parameters unknown)	OHA or OID (parameters unknown)	FFM

⁵ "Supported State Based Marketplace" is a transition status.

⁶ State statute would need to be changed in order to have Oregon become a partnership marketplace.

⁷ State statute would need to be changed in order to stop being a state-based marketplace.

Message

From: Patricia McCaig [REDACTED]
Sent: 8/31/2014 5:45:37 PM
To: [REDACTED] BONETTO PERSONAL EMAIL; Mike Bonetto [REDACTED]
Subject: Can you two look at this?
Attachments: Possible Sept 4 Plan.docx; HTML Attachment.html

I want your feedback before I send it around to the rest of the group. Nuanced approach.

Patricia McCaig



Possible Plan for Cover Oregon's September 4th Board Meeting
10:00 a.m.

Background

- ✓ On September 4th at 10:00 a.m. the Cover Oregon Board is scheduled to make a decision on a proposed path and structure for the remaining state exchange functions currently at Cover Oregon. The options boil down to a stand-alone organization (current Cover Oregon structure) or fold the remaining functions into existing state agencies.
- ✓ On July 21st you sent a letter to the Cover Oregon Board outlining your concerns and criteria as they discussed options. You have reinforced your interest in minimizing risks.
- ✓ Last Thursday the Cover Oregon Board met to review staff analysis of different options. The presentation at the Board meeting was different than we expected and did not represent a shared perspective from your health reform team – Mike, Sean, Tina – and Cover Oregon's Executive Director. The presentation by the Executive Director described both options as having the same amount of "risk." Three Board members challenged that assertion – Ken, Suzanne and Laura, while George pushed back aggressively that legislative oversight was a risk and implied that any decision other than continuing Cover Oregon was a political decision.
- ✓ The Cover Oregon Board is a 9-member board with two vacancies. The 7 voting members appear to be divided between maintaining a stand alone entity vs. folding functions into the state.

Position Unknown

Liz Baxter (Chair)	Executive Director, Oregon Public Health Institute
Teri Andrews (Vice Chair)	Owner, CG Industries
Jose Gonzalez	Principal Broker, Tu Casa Real Estate Corporation

Supports maintaining Cover Oregon

Dr. George Brown	CEO, Legacy Health System
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Supports moving remaining functions to state agencies in 2015

Ken Allen	Executive Director, Oregon AFSCME Council 75
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Leans towards moving remaining functions to state agencies in 2015

Suzanne Hoffman	Interim Director of the Oregon Health Authority
Laura Cali	Insurance Commissioner, Insurance Division, Oregon Department of Consumer and Business Services

The Executive Director has stated his support for maintaining Cover Oregon as an independent organization.

- ✓ We believe that your leadership through a simple statement of your position is the most direct and helpful for the board members. It may or may not change the outcome of the board vote, but it provides you a clear and succinct position that is consistent with your overall policy objectives.

Proposed Plan:

Personally call each of the board members on Wednesday (in sequence to be discussed) with the following message (in your own words):

XXX,

1. First, thank you for your work on the Cover Oregon Board...
I know the last 10 months have been a slog and appreciate your commitment to moving forward our healthcare transformation goals.
2. Let me tell you why I'm calling...
There is a lot of press, stakeholders, and legislative interest in the Cover Oregon Board's decision tomorrow. Today I've had press calls asking for my opinion/position on the best path to deliver the remaining state exchange functions. As a courtesy, I wanted to share my response with you before it becomes public.
3. You know my concern...
The greatest risk long-term to our healthcare agenda is more missed deadlines, failed projects, and runaway costs.
4. I have spent some time reviewing the analysis of the options, met with Aaron, Liz and George, and my own team...
I have concluded that the best long-term path for succeeding with our healthcare transformation is to move the remaining state exchange functions from Cover Oregon to state agencies in 2015. It's a simple solution that maximizes our resources, provides the most certainty and the least risk. Cover Oregon should finish its work thru 2014 and help navigate a successful transition to the state.

I understand the potential trade-off of more flexibility and nimbleness for less risk and it is a trade-off I accept.
5. Regardless of the Board's decision tomorrow...(B1, B2, or delay)
I will be sharing my position when asked, and
We should expect the 2015 legislature will actively be engaged in any outcome.
6. Again, thank you for all your work and the thoughtful consideration you are putting into this decision. I felt I owed you this courtesy.

Message

From: Patricia McCaig [REDACTED]
Sent: 8/31/2014 6:11:59 PM
To: [REDACTED] KOLMER PERSONAL EMAIL
CC: [REDACTED] BONETTO PERSONAL EMAIL
Subject: Use this one
Attachments: Possible Sept 4 Plan-1.docx; HTML Attachment.html

Sean, I made two small edits - in red to the earlier document. Use this one instead.

Patricia McCaig

[REDACTED]

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Supports moving remaining functions to state agencies in 2015

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3. You know my concern...
The greatest risk long-term to our healthcare agenda is more missed deadlines, failed projects, and runaway costs.
4. I have spent some time reviewing the analysis of the options, met with Aaron, Liz and George, and my own team...
I have concluded that the best long-term path for succeeding with our healthcare transformation is to move the remaining state exchange functions from Cover Oregon to state agencies in 2015. It's a simple solution that maximizes our resources, provides the most certainty and the least risk. Cover Oregon should finish its work thru 2014 and help navigate a successful transition to the state.

I understand the potential trade-off of more flexibility and nimbleness for less risk and it is a trade-off I accept.
5. Regardless of the Board's decision tomorrow...(B1-CO, B2-State, or delay)
I will be sharing my position when asked, and
We should expect the 2015 legislature will actively be engaged in any outcome.
6. Again, thank you for all your work and the thoughtful consideration you are putting into this decision. **I know that like me, you are committed to finding the long term path for success.** I felt I owed you this courtesy.

Message

From: Patricia McCaig [REDACTED]
Sent: 8/31/2014 9:53:38 PM
To: [REDACTED] BONETTO PERSONAL EMAIL, [REDACTED] KOLMER PERSONAL EMAIL, Tim Raphael, [REDACTED] RAPHAEL PERSONAL EMAIL
Subject: Long conversation with JK

He may reach out to you -- it comes down to the importance of George in the bigger agenda. JK's weighing the options of the plan we laid out vs. delaying until after November. I did point out that if we do the 'leadership now' plan successfully that it may be possible that it is a George and Board issue - not JK - whether that would make George less upset, I don't know.

Personally, I like the clarity of a position to close Cover Oregon down - it just seems to let the steam out of so much of the attacks. What you all think will matter to JK.

Patricia McCaig

[REDACTED]

From: Dave Metz [REDACTED]
Subject: JK Poll
Date: April 17, 2014 at 11:49 AM
To: Kevin Looper [REDACTED] COOPER PERSONAL EMAIL Patricia McCaig [REDACTED] Tim Raphael [REDACTED] RAPHAEL CONSULTANT EMAIL
Cc: Curt Below [REDACTED]

Hey guys – have the framework of a poll about ready but am still waiting for the Cover Oregon messaging and policy items to test. Shoot them over when you have them...

Thanks-
Dave

David Metz
Fairbank, Maslin, Maullin, Metz & Associates

FM3

1999 Harrison Street, Suite 1290
Oakland, CA 94612

[REDACTED]

TR000885

From: Cylvia Hayes [REDACTED]
Subject: FW: Area 51 kick off meeting
Date: March 30, 2014 at 2:08:42 PM PDT
To: Mark Wiener [REDACTED], Kevin Looper
LOOPER CONSULTANT EMAIL [REDACTED]
Cc: Patricia McCaig [REDACTED]

Greetings Mark and Kevin,

Please see below. For this call we need you to be prepared to provide the following:

- A campaign revenue and expenses/ cash flow report
- Report on status of hiring of campaign staff and suggestions for process of having Area 51 interview top candidates
- Options/ recommendations for doing a poll for primary
- A description of the services you have been contracted to deliver to the campaign effort.

Thanks so much,
Cylvia

Cylvia Hayes
CEO, 3EStrategies

[REDACTED]

From: Cylvia Hayes [REDACTED]
Date: Sunday, March 30, 2014 2:01 PM
To: Tim Raphael [REDACTED] RAPHAEL PERSONAL EMAIL, Dan Carol [REDACTED], Stephen Bella [REDACTED], Curtis Robinhold [REDACTED], Bill Wyatt [REDACTED], Patricia McCaig [REDACTED], Steve Marks [REDACTED], Scott Nelson [REDACTED]

Cc: 'John Kitzhaber' [REDACTED]

Subject: Area 51 kick off meeting

Greetings,

John and I are asking you to be a member of our Area 51 team. We need to get this moving immediately as the Primary is right around the corner. The roles of Area 51 include:

- Providing oversight to the campaign staff and consultants.
- Provide insight into context, political challenges and opportunities. Assisting in identifying and responding to any strategic or financial shifts.
- Overseeing the overall strategic direction of the campaign; Approving the campaign plan, budget, key staff and consultants;
- Provide "Soul" to the campaign. Ensure that this is about what really matters not just a political contest, that it has the John Kitzhaber public servant imprint.
 - Delivering, translating, and aligning JK's core principles into a successful campaign strategy.

Date of first Call: Tuesday April 1, 5pm

Call in number: TBD

Agenda items for this call:

- Review Roles and Responsibilities of Area 51 and Campaign Team
- Review the Primary Campaign Do List (see attached)
- Update on campaign staff hiring status
- Process for interviewing campaign manager
- Revenue and Expenditures report
- Cover Oregon 100 day plan
- Who else should be on Area 51?

Please let me know if you will make this call.

Thanks,
Cylvia

Cylvia Hayes
CEO, 3Estrategies

[REDACTED]
[REDACTED]

Message

From: Steve Bella [REDACTED]
Sent: 4/17/2014 3:28:59 PM
To: [REDACTED] BONETTO PERSONAL EMAIL
Subject: Fwd: Poll
Attachments: April Polling memo.docx; HTML Attachment.html

Here is the memo on the poll I sent to Patricia. Steve

Begin forwarded message:

From: Stephen Bella [REDACTED]
Subject: re: Poll
Date: April 16, 2014 9:34:22 AM PDT
To: Patricia McCaig [REDACTED]

Patricia: I wanted to send along some thoughts regarding the poll following our call. Perhaps these are addressed but wanted to pass them along. Steve

TO: Patricia McCaig
FROM: Steve Bella
RE: Poll

Patricia wanted to pass along some thoughts regarding the upcoming poll.

Governor – vulnerability

I think there are two central arguments that can be made against the Governor.

Kitzhaber is out of touch and asleep at the switch.

I think the damage over Cover Oregon is not so much the issue of a failed exchange or wasted money. I think it more exposes this Governor as someone not getting the job done. I think for many voters the question is if he so poorly managed the one area he is known for what else is not working.

The second theme is out of touch. The CRC and trips to Nepal are certainly examples to drive that message. Add tax reform, i.e. sales tax, and there is a damaging narrative that can be made.

My narrative against this Governor would be something like: After 40 years as a professional politician it is time for Governor Kitzhaber to retire. Kitzhaber is not a bad person he is just governing badly. He is out of touch with Oregonians and their needs. Rather than creating jobs and raising incomes he is running off to Nepal for happy conferences and now wants another four years to raise your taxes. He is also asleep at the switch. Cover Oregon cost over \$200 million in tax dollars, failed to get Oregonians the health care they need, and you have to ask yourself, if he can not even manage his one big issue what is next? It is time for a change.

Governor – protection/counter narrative

I think there is a couple areas worth testing to make sure Cover Oregon and the larger narrative the Republicans could use do not stick.

Cover Oregon – response.

I think the best pivot off Cover Oregon politically is to admit mistakes were made and we are moving to the Federal exchange. The Governor's message then shifts to the more important goal which is Oregon continue the bipartisan efforts that have improved quality health care for Oregonians while reducing costs. Then we shift to making the argument that Oregon can't afford to have Washington partisan politics enter this state and destroy all the progress we have made.

I think our best chance politically to stop the bleeding is to drop the dream of Cover Oregon, and shift the argument to a choice between Oregon bipartisan progress versus Washington Republican partisanship.

I think to make that argument the following message sequence needs to take place:

1. Admit mistakes were made.
2. Going to federal exchange system but continue Oregon bipartisan health care reforms, i.e. CCO delivery system.
3. Governor not going to allow Washington partisan politics try to destroy Oregon's bipartisan effort at increasing quality and reducing costs.

Not exactly sure best way to test this within the poll but I wanted to raise this since I think shifting attention away from Cover Oregon requires several steps.

Governor – issues

I know you mentioned testing some positions within the poll. I think that is important and would look at testing pay equity. Think pay equity can fit well into the Prosperity theme and build support among women.

I also think we need to test what is it Oregonians like about the Governor's leadership as much as specific policy positions. I believe the Governor was popular because he was bringing Democrats and Republicans together to get the job done. His leadership represented a sharp contrast to the dysfunction in Washington. I think we need to test how best to remind Oregonians why they supported him before Cover Oregon blew up.

Examples to test is leadership could include:

- Passing bipartisan budgets that put Oregon's fiscal house in order.
- Getting education reform passed even when it meant taking on his supporters.
- Working with business and labor to create Oregon jobs and improve wages.

I am sure there are more but I think we want to find out how best to remind voters why Governor Kitzhaber has provided a steady hand to move Oregon forward. I think it is equally if not more important to identify the leadership qualities in this poll than specific issue positions.

Hope this helps.

From: Mark Wiener [REDACTED]
Subject: Re: Poll
Date: April 28, 2014 6:53:53 AM PDT
To: Patricia McCaig [REDACTED] >
Cc: Tim Raphael [REDACTED]

Available any Tim between 1:30-5

Mark Wiener
[REDACTED]

On Apr 28, 2014, at 6:52 AM, Patricia McCaig [REDACTED] wrote:

Time to talk about poll instrument? Especially healthcare/cover Oregon? After 1.30 better for me.

PMc

--

Winning Mark

[REDACTED]

From: Mark Wiener [REDACTED]
Subject: RE: Poll
Date: April 28, 2014 7:34:14 AM PDT
To: Tim Raphael [REDACTED], Patricia McCaig [REDACTED]

Works for me. Let's talk Primary then too.

-----Original Message-----
From: Tim Raphael [REDACTED]
Sent: Monday, April 28, 2014 7:33 AM
To: Patricia McCaig
Cc: Mark Wiener
Subject: Re: Poll

How about 4

Tim Raphael
[REDACTED]

On Apr 28, 2014, at 6:52 AM, Patricia McCaig [REDACTED] wrote:

Time to talk about poll instrument? Especially healthcare/cover Oregon?
After 1.30 better for me.

PMc

--
Winning Mark
[REDACTED]

From: Mark Wiene [REDACTED]
Subject: RE: Draft JK Survey
Date: April 28, 2014 at 9:52:15 PM PDT
To: Dave Metz [REDACTED], Patricia McCaig [REDACTED],
Tim Raphael [REDACTED] RAPHAE PERSONAL EMAIL, Kevin Looper
[REDACTED] LOOPER PERSONAL EMAIL, Scott Nelson [REDACTED] johnkitzhaber.com>, Curt
Below [REDACTED]

Dave:

The biggest thing we want to add is a Smith and Jones question that tests whether people are willing to see any good in Cover Oregon or whether they chalk it up to unmitigated disaster. It is something we will want to track in the future to measure progress (god willing). The negative is pretty straightforward: \$248 million pissed down the rathole with nary a person signed up through the now abandoned website as we lose our pride, prerogatives and independence to the federal exchange. (Sounds great when I say it that way, doesn't it?)

On the other side, there are two approaches to split. One is that yes, the website was a total loss, but the \$248 million was spent on more than that. 300,000 people are signed up, many of whom could not have gotten health insurance any other way. The reforms that accompanied Cover Oregon have also reduced the cost and improved the quality of health care, resulting in over \$_____ in savings that will go to fund schools and other important services. While the website was an embarrassment, some good came of Cover Oregon.

The other approach is more of the accountability/kicked some asses frame: Once the disaster was apparent, the hybrid system was set up, and investigation was conducted, nearly everyone within eyesight was fired, we are going to sue Oracle's asses off and even though we have switched to the federal exchange we are retaining some critical features of the Oregon system.

We could split these entirely, or we could add the kicking asses frame to the we got something out of it frame to see if saying both has a synergy to it. I will likely defer to your advice on the structure.

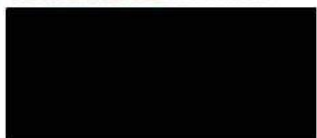
I see this as replacing the current #17, albeit in a much lengthier form.

One other minor note: I like Tim's suggestion on adding the 3rd grade reading thing, but the way it is worded now makes it sound too narrowly focused on 3rd grade. A friendly amendment:

"Boosting investment in early reading skills through third grade which research shows is one of the most effective ways way to boost high school graduation rates"

Talk to y'all in the AM.

mw



From: Dave Metz [REDACTED]
Sent: Monday, April 28, 2014 5:45 PM
To: Patricia McCaig; Mark Wiener; Tim Raphael; Kevin Looper; Scott Nelson; Curt Below
Subject: RE: Draft JK Survey

Yep – will get you a revision tomorrow AM.

-Dave

From: Patricia McCaig [REDACTED] [\[REDACTED\]@easystreet.net](mailto:[REDACTED]@easystreet.net)
Sent: Monday, April 28, 2014 4:48 PM
To: Dave Metz; Mark Wiener; Tim Raphael; Kevin Looper; Scott Nelson; Curt Below
Subject: Fwd: Draft JK Survey

Dave, you should have Tim's comments, here's one from Scott, and Mark will be sending you some edits on healthcare and one on early childhood/reading. I'd like to get a next version which would be 99% done and then have two or three conversations and turn around back to you asap. We're pushing for getting something in the field by the end of the week if at all possible.

Patricia McCaig
[REDACTED]

Begin forwarded message:

Redacted

Message

From: Patricia McCaig [REDACTED]
Sent: 4/30/2014 10:18:12 PM
To: Mike Bonetto [REDACTED]; Dmitri P [REDACTED]
Subject: Survey
Attachments: Oregon State Election Survey - Draft 2a.doc; HTML Attachment.html

Hi, first, remember this is a confidential document. We don't even want to talk about it outside of ourselves. It is about 90% done - primarily review for big gaps, language clarity and any mis statements of facts. If you can turn around your edits to me tonight or early, early tomorrow a.m., that would be great.

The purpose of the poll is threefold:

- 1) Track changes from October 2013 Kitzhaber baseline (marked by T)
- 2) Explore additional policy goals/accomplishment language to help guide the next couple of months
- 3) Understand perceptions of Cover Oregon, who voters hold accountable, and reaction to proposed actions.

Some helpful notes:

We're definitely long, so think about cuts.

- Yes, Q19 is intended to establish a track – we know it won't cut our way right now.
- Q20 is the new “where do we go from here” question
- Q21/22 reflects the split (though they are probably too wordy); Q23 asks people to prioritize between the two facets of the Governor's approach, and explicitly provides an option to say “both” are important – hopefully that structure will allow us to ID those who have a clear priority and separate them from those who want to hear about both aspects.

FYI - below are some comments on this version - I'm sending you the redline so you can review.

I have made some cuts and small tweaks. I like everything I cut, but if we need to save time...

One potentially controversial cut is 9 G/T, what talks about an exchange that makes apples-to-apples comparisons. It would be nice to see if we still get away with that, but the discussion may have passed by this nuance and we are testing the Cover Oregon stuff plenty.

11/12 do seem to ramble a touch – trimmed versions below, although the dark version is longer. Will respondents be able to remember the contrast by 14?

Given time constraints, does 20 give us that much of a different read than 21/22/23?

Next, here is ONE/ANOTHER description of a potential candidate for state office: Candidate SMITH says that the key to Oregon's success is to ensure that every has an equal opportunity to meet their basic needs and better themselves through hard work; and give their children a better future. SMITH says we can achieve these goals by transforming Oregon's economy to create living-wage jobs in new, sustainable industries; support workers with education and training; emphasize prevention and reduce costs on health care; and protect our environment and natural resources.

Next, here is ONE/ANOTHER description of a potential candidate for state office: Candidate JONES says that for our children and grandchildren, we must fundamentally change the way we live. We know that human activities are damaging our environment; and that the current economic system has grown the gap between rich and poor, impoverishing the planet and millions of our fellow human beings. JONES says should not make economic growth our society's main goal. We must shift our priorities, to reduce consumption; cut back our use of fossil fuels to cut carbon pollution; and to create jobs that will enable people to make decent money while taking care of our more vulnerable citizens.

Patricia McCaig



Fairbank,
Maslin,
Maullin,
Metz &
Associates

FM3

OREGON GUBERNATORIAL ELECTION SURVEY
220-3861
DRAFT 2
A/B SPLITS

Hello, I'm _____ from F-M-3, a public opinion research company. We're conducting a survey about issues that concern voters in Oregon. I am not trying to sell you anything and I will not ask you for a donation or contribution of any kind. May I speak with _____? **(MUST SPEAK WITH VOTER LISTED. VERIFY THAT THE VOTER LIVES AT THE ADDRESS LISTED--OTHERWISE TERMINATE.)**

A. **(T)** Before we begin, I need to know if I have reached you on a cell phone, and if so, are you in a place where you can talk safely without endangering yourself or others? **(IF NOT ON A CELL PHONE, ASK: Do you own a cell phone?)**

- Yes, cell and can talk safely ----- **(ASK QB)** ----- 1
- Yes, cell but cannot talk safely ----- **TERMINATE**
- No, not on cell, but own one----- **(ASK QB)** ----- 2
- No, not on cell and do not own one ----- **(SKIP QB)** ----- 3
- (DON'T READ) DK/NA/REFUSED** ----- **TERMINATE**

(ASK QB ONLY IF CODES 1 OR 2 "OWN A CELL PHONE" IN QA)

B. **(T)** Would you say you use your cell phone to make and receive all of your phone calls, most of your phone calls, do you use your cell phone and home landline phone equally, or do you mostly use your home landline phone to make and receive calls?

- All cell phone----- 1
- Mostly cell phone----- 2
- Cell and landline equally ----- 3
- Mostly landline----- 4
- (DON'T READ) DK/NA** ----- 5

(RESUME ASKING ALL RESPONDENTS)

1. **(T)** Next, would you say that things in the State of Oregon **(OR-a-gun)** are generally headed in the right direction or do you feel that things are pretty seriously off on the wrong track?

- Right direction----- 1
- Wrong track----- 2
- (DON'T READ) DK/NA** ----- 3

2. Now I'm going to read you the names of some people and organizations active in public life. For each you have heard of, please tell me whether you have a very favorable, somewhat favorable, somewhat unfavorable or very unfavorable opinion of that person or group. If you have never heard of that person, or if you don't know enough to rate them, please say so. **(RANDOMIZE)**

	NEVER HEARD OF	VERY FAV.	S.W. FAV.	S.W. UNFAV.	VERY UNFAV.	HEARD OF BUT DON'T KNOW ENOUGH
[]a. (T) The Oregon (OR-a-gun) State Legislature -----	1	2	3	4	5	6
[]b. (T) John Kitzhaber (KITZ- hob-ber) -----	1	2	3	4	5	6
[]c. (T) Jeff Merkley (MURK-lee) ----	1	2	3	4	5	6
[]d. Jason Conger -----	1	2	3	4	5	6
[]e. Monica Wehby (WEBBY) -----	1	2	3	4	5	6
[]f. (T) Dennis Richardson -----	1	2	3	4	5	6
[]g. (T) Cover Oregon -----	1	2	3	4	5	6

NOW I WOULD LIKE TO ASK YOU A FEW QUESTIONS ABOUT GOVERNOR KITZAHBER.

3. **(T) In general, do you approve or disapprove of the job that John Kitzhaber (KITZ-hob-ber) has been doing as Governor? (IF APPROVE/DISAPPROVE, ASK: Is that strongly APPROVE/DISAPPROVE or just somewhat?)**

- Strongly approve ----- 1
- Somewhat approve ----- 2
- Somewhat disapprove ----- 3
- Strongly disapprove ----- 4
- (DON'T KNOW/NA)** ----- 5

4. **(T) In November's election, do you think you will vote for Governor John Kitzhaber (KITZ-hob-ber), will you consider voting for someone else, or do you think you will vote to replace him?**

- Vote for Kitzhaber ----- 1
- Consider someone else ----- 2
- Vote to replace ----- 3
- (DON'T KNOW/NA)** ----- 4

5. (T) And if the election for Governor of Oregon were held today, for whom would you vote if the candidates were (ROTATE)

- John Kitzhaber (KITZ-hob-ber), the Democrat and
- Dennis Richardson, the Republican?

(IF UNDECIDED, ASK) "Toward whom would you lean?"

John Kitzhaber ----- 1
 (LEAN KITZHABER) ----- 2
 Dennis Richardson----- 3
 (LEAN RICHARDSON)----- 4
 (DON'T READ) DK/NA ----- 5

6. (T) Thinking about the past few weeks, have the things you have heard and seen recently about John Kitzhaber (KITZ-hob-ber) made you feel more favorable or less favorable toward him?

More favorable ----- 1
 Less favorable ----- 2
 (DON'T READ) Both/Neither/No Change ----- 3
 (DON'T READ) Have Not Seen Much ----- 4
 (DON'T READ) DK/Not Sure ----- 5

7. Next, I'm going to read you a list of phrases that may or may not describe John Kitzhaber (KITZ-hob-ber). Please tell me whether you feel each phrase is an accurate or an inaccurate description of him. If you don't know, or have no opinion, please tell me that too. (IF ACCURATE/ INACCURATE, ASK: Is that very ACCURATE/INACCURATE or just somewhat?) (RANDOMIZE)

(NO
 OPINION/
 DK/NA)

VERY S.W. S.W. VERY
ACC. ACC. INACC. INACC.

(SPLIT SAMPLE A ONLY)

- a. Has big plans but does not deliver -----1 ----- 2 -----3 ----- 4-----5
- b. Is too hands-off in managing state
 government-----1 ----- 2 -----3 ----- 4-----5
- c. (T) Is independent-----1 ----- 2 -----3 ----- 4-----5
- d. (T) Is a strong leader-----1 ----- 2 -----3 ----- 4-----5
- e. (T) Is positive and optimistic -----1 ----- 2 -----3 ----- 4-----5
- f. (T) Is on our side -----1 ----- 2 -----3 ----- 4-----5
- g. (T) Can work across party lines to get
 things done -----1 ----- 2 -----3 ----- 4-----5
- h. (T) Is honest and someone we can trust-----1 ----- 2 -----3 ----- 4-----5
- i. (T) Too tied to the past -----1 ----- 2 -----3 ----- 4-----5
- j. (T) Too close to special interests-----1 ----- 2 -----3 ----- 4-----5

	<u>VERY</u>	<u>S.W.</u>	<u>S.W.</u>	<u>VERY</u>	<u>(NO</u>
	<u>ACC.</u>	<u>ACC.</u>	<u>INACC.</u>	<u>INACC.</u>	<u>OPINION/</u>
					<u>DK/NA)</u>

(SPLIT SAMPLE B ONLY)

- []k. Has unrealistic goals -----1-----2-----3-----4-----5
- []l. **(T)** Shares my values -----1-----2-----3-----4-----5
- []m. **(T)** Will win re-election -----1-----2-----3-----4-----5
- []n. **(T)** Has been in office too long -----1-----2-----3-----4-----5
- []o. **(T)** Has lost touch with the concerns of
ordinary Oregonians -----1-----2-----3-----4-----5
- []p. **(T)** Has brought about major change in
state government -----1-----2-----3-----4-----5
- []q. **(T)** Has a vision for Oregon's future -----1-----2-----3-----4-----5
- []r. **(T)** Has helped to improve Oregon's
economy -----1-----2-----3-----4-----5

(RESUME ASKING ALL RESPONDENTS)

8. Now I'm going to read you some pairs of descriptions of John Kitzhaber. After I read each pair, please tell me which one you think describes him better. Remember, choose just one even if it's hard to decide. Here's the first pair. **(ROTATE PAIRS AND WITHIN PAIRS)**

[]a. [] Has made significant improvements to the health care system ----- 1

OR

[] Has not done much to improve health care ----- 2

(DON'T READ)

(BOTH)----- 3

(NEITHER) ----- 4

(DON'T KNOW/NA)----- 5

[]b.(T) [] Has taken actions that have strengthened Oregon's economy and created
jobs ----- 1

OR

[] Has not done much to help improve Oregon's economy ----- 2

(DON'T READ)

(BOTH)----- 3

(NEITHER) ----- 4

(DON'T KNOW/NA)----- 5

9. Next, I am going to read you a list of a few things Governor Kitzhaber has done during his most recent term in office. Please tell me whether, in general, you approve or disapprove of each item. **(IF APPROVE/DISAPPROVE, ASK: Is that strongly APPROVE/DISAPPROVE or just somewhat?) (RANDOMIZE)**

	<u>STR.</u>	<u>S.W.</u>	<u>S.W.</u>	<u>STR.</u>	<u>(DON'T</u>
	<u>APPR.</u>	<u>APPR.</u>	<u>DISAPP.</u>	<u>DISAPP.</u>	<u>READ)</u>
					<u>DK/NA</u>
[]a. Getting thousands of Oregonians quality, affordable health coverage for the first time -----	1	2	3	4	5
[]b. -----	1	2	3	4	5

(SPLIT SAMPLE A ONLY)

[]c. Changing the health system to successfully increase use of preventive care and reduce use of emergency rooms-----	1	2	3	4	5
[]d. Helping to create 94 thousand jobs in Oregon since the beginning of his term-----	1	2	3	4	5
[]e. Passing education reforms and over a billion dollars in new funding, to deliver better results for students and more resources for teachers-----	1	2	3	4	5
[]f. Improving the efficiency and effectiveness of state government by eliminating boards and commissions and demanding agency accountability-----	1	2	3	4	5
[]g. -----	1	2	3	4	5

(SPLIT SAMPLE B ONLY)

[]h. Reducing the growth in health care spending in Oregon by more than XX dollars per year-----	1	2	3	4	5
[]i. Working with business leaders to reduce Oregon's unemployment rate by nearly three points-----	1	2	3	4	5
[]j. Improving the accountability and effectiveness of state government by overhauling state agencies and replacing two dozen agency directors-----	1	2	3	4	5
[]k. Streamlining emergency response plans to get aid to communities faster when wildfires and other natural disasters occur-----	1	2	3	4	5

		<u>STR.</u>	<u>S.W.</u>	<u>S.W.</u>	<u>STR.</u>	<u>(DON'T</u>
		<u>APPR.</u>	<u>APPR.</u>	<u>DISAPP.</u>	<u>DISAPP.</u>	<u>READ)</u>
		1	2	3	4	<u>DK/NA</u>
[]	(T)-----					

(RESUME ASKING ALL RESPONDENTS)

NOW I WOULD LIKE TO ASK YOU ABOUT SOME OTHER ISSUES.

10. In thinking about the economy, which of the following do you think should be a higher priority for state government: **(ROTATE)**

[] Transforming Oregon’s economy to create jobs in growing and innovative industries like clean energy and clean technology ----- 1

OR

[] Creating jobs in traditional industries, through increasing manufacturing and promoting more international trade----- 2

(DON'T READ)

(BOTH)----- 3

(NEITHER)----- 4

(DON'T KNOW/NA)----- 5

11. Next, here is a list of proposals that Oregon state government may consider in the next few years. After I read each one, please tell me whether it sounds like something you would support or oppose. **(IF SUPPORT/ OPPOSE, ASK: Is that strongly SUPPORT/OPPOSE or just somewhat?) (RANDOMIZE)**

		<u>STR.</u>	<u>S.W.</u>	<u>S.W.</u>	<u>STR.</u>	<u>(DK/</u>
		<u>SUPP.</u>	<u>SUPP.</u>	<u>OPP.</u>	<u>OPP.</u>	<u>NA)</u>

(SPLIT SAMPLE A ONLY)

[]a. Increasing the use of clean and renewable energy in Oregon, like wind and solar power ----- 1 ----- 2 ----- 3 ----- 4 ----- 5

[]b. Finding bipartisan solutions that unite Democrats and Republicans to address the state’s problem ----- 1 ----- 2 ----- 3 ----- 4 ----- 5

[]c. Setting new state standards to require equal pay for men and women that are doing the same work ----- 1 ----- 2 ----- 3 ----- 4 ----- 5

[]d. Focusing on creating more middle-income jobs in Oregon, as opposed to high- and low-wage jobs ----- 1 ----- 2 ----- 3 ----- 4 ----- 5

[]e. Increasing opportunities for early childhood education in Oregon----- 1 ----- 2 ----- 3 ----- 4 ----- 5

[]f. Promoting more development of low-polluting vehicle fuels in Oregon----- 1 ----- 2 ----- 3 ----- 4 ----- 5

	<u>STR.</u> <u>SUPP.</u>	<u>S.W.</u> <u>SUPP.</u>	<u>S.W.</u> <u>OPP.</u>	<u>STR.</u> <u>OPP.</u>	<u>(DK/ NA)</u>
[]g. Creating new jobs in rural Oregon in forest management, protecting wildlife habitat and forest health while producing a reliable supply of timber-----	1	2	3	4	5
[]h. Expanding affordable school lunch and breakfast programs to that all Oregon children have access to healthy food at school -----	1	2	3	4	5
[]i. Placing a tax on energy sources that generate carbon pollution, like gasoline, oil, and coal -----	1	2	3	4	5

(SPLIT SAMPLE B ONLY)

[]j. <u>Stopping</u> plans to haul coal by train through Oregon to be shipped to Asia-----	1	2	3	4	5
[]k. Working to promote local, rather than statewide, economic development proposals that are appropriate for specific communities in different parts of the state -----	1	2	3	4	5
[]l. Increasing awareness of poverty in Oregon and promoting state programs to help the poor -----	1	2	3	4	5
[]m. -----	1	2	3	4	5
[]n. Boosting workforce training to better prepare Oregonians with the skills they need for the jobs of the 21 st century SPLIT N & O-----	1	2	3	4	5
[]o. Revamping workforce training to better match employers with workers who have the skills they need-----	1	2	3	4	5
[]p. Boosting investment in early reading skills through third-grade, which research shows is an effective way to improve high school graduation rates -----	1	2	3	4	5
[]q. Improving the nutritional content of school lunch and breakfast programs to that all Oregon children have access to healthy food at school -----	1	2	3	4	5
[]r. Placing a tax on energy sources that generate carbon pollution, like gasoline, oil, and coal, in order to raise money for clean energy and energy efficiency programs -----	1	2	3	4	5

(RESUME ASKING ALL RESPONDENTS; ROTATE QX AND QX)

12. Next, here is **ONE/ANOTHER** description of a potential candidate for state office: Candidate SMITH says that the key to Oregon’s success is to ensure that every Oregonian – regardless of income, geography, race or home language – has an equal opportunity to meet their basic needs; to better themselves through hard work; and to leave their children better off than they were. SMITH says we can achieve these goals if we are willing to transform Oregon’s economy to create living-wage jobs in new, sustainable industries; support workers with education and training; change our health care system to emphasize prevention and reduce costs; and protect our environment and natural resources.

How likely do you think you would be to vote for candidate Smith: **(READ LIST)**

- Very likely ----- 1
- Somewhat likely ----- 2
- Not too likely ----- 3
- Not at all likely ----- 4
- (DON'T READ) DK/Not Sure ----- 5**

13. Next, here is **ONE/ANOTHER** description of a potential candidate for state office: Candidate JONES says that to secure a future for our children and grandchildren, we have no choice but to fundamentally change the way we live. We know that human activities are damaging our environment; that the gap between the rich and the poor has never been so large; and that the current economic system is impoverishing the planet and millions of our fellow human beings. JONES says it is no longer enough to make economic growth our society’s main goal. We must shift our priorities, to reduce consumption; cut back our consumption of fossil fuels and the carbon pollution they produce; and to create jobs that will enable people to make decent money restoring our environment taking care of our more vulnerable citizens.

How likely do you think you would be to vote for candidate Jones: **(READ LIST)**

- Very likely ----- 1
- Somewhat likely ----- 2
- Not too likely ----- 3
- Not at all likely ----- 4
- (DON'T READ) DK/Not Sure ----- 5**

14. And which of these candidates would you be most likely to support: **(ROTATE)** [] Candidate Smith or [] Candidate Jones?

- Candidate Smith----- 1
- Candidate Jones ----- 2
- (DON'T READ) Both ----- 3**
- (DON'T READ) Neither ----- 4**
- (DON'T READ) DK/Not Sure ----- 5**

MY NEXT QUESTIONS DEAL WITH HEALTH CARE IN OREGON.

15. First, have you seen, heard or read anything recently about problems with the introduction of Cover Oregon, Oregon’s health insurance marketplace under the federal Affordable Care Act? (IF YES, ASK: Have you seen, heard or read a great deal or just a little about it?)

- Yes, a great deal----- 1
Yes, a little----- 2
No, nothing at all----- 3
(DON'T READ) DK/Not Sure ----- 4

AS YOU MAY HAVE HEARD, COVER OREGON HAS BEEN PLAGUED BY TECHNOLOGY PROBLEMS SINCE IT WAS INTRODUCED LAST ALL. BUILT AT A COST OF MORE THAN 100 MILLION DOLLARS, THE STATE WEBSITE IS STILL NOT FUNCTIONAL – LEAVING OREGON AS THE ONLY STATE IN THE COUNTRY WHERE PEOPLE CANNOT SIGN UP FOR HEALTH INSURANCE ONLINE.

16. I am going to read you a list of people and organizations connected to Cover Oregon; after I read each one, please tell me how responsible you hold them for the problems Cover Oregon has experienced: very responsible, somewhat responsible, or not too responsible. (RANDOMIZE)

Table with 4 columns: Item, VERY RESP., SW RESP., NOT TOO RESP., (DK/NA). Rows include Governor Kitzhaber, The Oregon State Legislature, Staff at the Oregon Health Authority, Oracle, the technical manager of the website, Health insurance companies, and The federal government.

17. And who would you say is most responsible for causing the problems with the Cover Oregon on-line website: (READ LIST AND ROTATE)

- [] Governor Kitzhaber ----- 1
[] The Oregon State Legislature----- 2
[] The federal government ----- 3
[] Oracle, the technical manager of the website----- 4
[] Staff of the Oregon Health Authority----- 5
(DON'T READ) DK/Not Sure ----- 6

18. After a review of the problems with Cover Oregon, Governor Kitzhaber has decided to shut down the website and instead allow Oregonians to enroll for health insurance through the federal exchange website. Do you approve or disapprove of this decision? (IF APPROVE/DISAPPROVE, ASK: "Is that strongly APPROVE/DISAPPROVE or just somewhat?")

- Strongly approve----- 1
- Somewhat approve ----- 2
- Somewhat disapprove----- 3
- Strongly disapprove ----- 4
- (DON'T READ) DK/NA/REFUSED ----- 5

19. Given everything you have heard, which of the following comes closer to your opinion: (ROTATE)

[] After an extensive review, the problems with Cover Oregon have been largely resolved and it is time to move on ----- 1

OR

[] Cover Oregon is a major state program, and the questions about its problems have not been resolved; the issue needs more investigation ----- 2

(DON'T READ)

(BOTH)----- 3

(NEITHER) ----- 4

(DON'T KNOW/NA)----- 5

20. Next, which of these do you think should be the top priority for state government moving forward as it relates to Cover Oregon? (RANDOMIZE) And which would be your second priority? (IF DK/NA ON FIRST CHOICE, CODE DK/NA FOR SECOND CHOICE) (IF SAYS NONE IN FIRST CHOICE, CODE NONE IN SECOND CHOICE) (IF UNWILLING TO CHOOSE, BUT SAYS ALL, CODE ALL IN FIRST AND DK/NA IN SECOND)

	<u>1st</u>	<u>2nd</u>
	<u>CHOICE</u>	<u>CHOICE</u>

[] Conducting a thorough investigation, identifying who was responsible for the problems with the exchange, and holding financially and legally accountable----- 1----- 1

[] Continuing to implement reforms of the health care system that will expand health care coverage and reduce costs ----- 2----- 2

[] Moving on to focus on other key issues, like the economy, schools, and transportation ----- 3----- 3

(DON'T READ) Other (SPECIFY) ----- 4----- 4

(DON'T READ) All----- 5----- 5

(DON'T READ) None----- 6----- 6

(DON'T READ) DK/NA ----- 7----- 7

(SPLIT SAMPLE A ONLY)

21. Next, which of the following statements about Governor Kitzhaber's actions on this issue comes closest to your opinion: (ROTATE PAIRS AND WITHIN PAIRS)

Governor Kitzhaber has done a very poor job of handling the problems with Cover Oregon. 248 million dollars in taxpayer money was wasted on developing a non-functional website that has been entirely scrapped, and months were wasted with hardly anyone signed up for health care. And now, after being the only state to fail at setting up its own on-line exchange, Oregon has had to surrender its independence and join the flawed federal Obamacare website. ----- 1

OR

Despite problems with the website, through Cover Oregon Governor Kitzhaber has made important progress on health care reforms that will benefit Oregon. 300 thousand people have been signed up for health insurance, many of whom could not have gotten health insurance any other way. And the reforms that accompanied Cover Oregon have already improved the quality of care and cut XX million on health care costs for Oregon taxpayers – trends projected to further improve over time ----- 2

(DON'T READ)

(BOTH)----- 3

(NEITHER) ----- 4

(DON'T KNOW/NA)----- 5

(SPLIT SAMPLE B ONLY)

22. Next, which of the following statements about Governor Kitzhaber's actions on this issue comes closest to your opinion: **(ROTATE PAIRS AND WITHIN PAIRS)**

Governor Kitzhaber has done a very poor job of handling the problems with Cover Oregon. 248 million dollars in taxpayer money was wasted on developing a non-functional website that has been entirely scrapped, and months were wasted with hardly anyone signed up for health care. And now, after being the only state to fail at setting up its own on-line exchange, Oregon has had to surrender its independence and join the flawed federal Obamacare website. ----- 1

OR

Governor Kitzhaber has responded quickly and appropriately to handle the problems with Cover Oregon. As the website problems emerged, he allowed people to complete enrollment off-line and then added Oregon to the federal exchange – preserving Oregonians' access to new health care choices. Kitzhaber conducted a swift investigation, immediately fired and replaced key officials who failed at overseeing the system, and is preparing to sue the negligent contractors who set up the website ----- 2

(DON'T READ)

(BOTH)----- 3

(NEITHER) ----- 4

(DON'T KNOW/NA)----- 5

(RESUME ASKING ALL RESPONDENTS)

23. There have been two different elements of Governor Kitzhaber’s response to problems with Cover Oregon. Which of these aspects of his response do you think is most important: **(ROTATE)**

Continuing with the goal of health care reform, by signing 300 thousand people up for health insurance, reducing health care costs, and improving the quality of care ----- 1

OR

Ensuring accountability for problems with the Cover Oregon website by conducting a thorough investigation, firing and replacing responsible officials, and taking legal action against the negligent contractor ----- 2

(ALWAYS ASK LAST)

Or do you think both of these aspects of his response are equally important? ----- 3

(DON'T READ)

(NEITHER) ----- 4

(DON'T KNOW/NA)----- 5

NOW I WOULD LIKE TO ASK A FEW MORE QUESTIONS ABOUT THE ELECTION FOR GOVERNOR.

24. I'm going to read you some statements that have been made by opponents of John Kitzhaber. After you hear each one, please tell me whether it raises serious doubts, some doubts, or no doubts at all about John Kitzhaber. (RANDOMIZE)

- | | <u>SER.</u>
<u>DOUBTS</u> | <u>SOME</u>
<u>DOUBTS</u> | <u>NO</u>
<u>DOUBTS</u> | <u>(DON'T</u>
<u>KNOW)</u> |
|---|------------------------------|------------------------------|----------------------------|-------------------------------|
| []a. (CRC) It was recently revealed by Governor Kitzhaber's administration that the state spent 200 million dollars in taxpayer money on the Columbia River Crossing – a bridge that was never built. Contracts worth tens of millions of dollars went to well-connected engineering and public relations firms – money which produced essentially no benefits for Oregon residents. ----- | 1 | 2 | 3 | 4 |
| []b. (COVER OREGON) Despite more than 100 million dollars of state investment, Cover Oregon – the state's on-line health insurance exchange – is so deeply flawed that it has never operated. Oregon spent most of this year as the only state whose residents were unable to sign up for health insurance on-line. Finally, last month Governor Kitzhaber admitted his failure and required Oregonians to use the federal Obamacare website instead. ----- | 1 | 2 | 3 | 4 |
| []c. (TIME) After 40 years as a professional politician, Governor Kitzhaber has become out of touch. Time and again, we find that his staff and appointees have bungled major state projects – with the Governor unaware or taking no action. Governor Kitzhaber is a good man, but it is simply time for a change. ----- | 1 | 2 | 3 | 4 |
| []d. (CREW) Kitzhaber's hand-picked chief education officer, Rudy Crew, traveled extensively during his brief time on the job. Most of that travel had nothing to do with this 280 thousand-dollar per year job; again and again, he flew first-class to give speeches, often for pay, to audiences in other parts of the country. He was largely missing during the five months the Legislature was in session – when he could have been helping to shape strategies to improve our schools – and quit after less than a year. ----- | 1 | 2 | 3 | 4 |

<u>SER.</u>	<u>SOME</u>	<u>NO</u>	<u>(DON'T</u>
<u>DOUBTS</u>	<u>DOUBTS</u>	<u>DOUBTS</u>	<u>KNOW)</u>

(ALWAYS ASK LAST)

e. **(TALK)** On issue after issue, Governor Kitzhaber announces big plans and then fails to deliver on them. Cover Oregon failed because Kitzhaber put his trust in the wrong people, and then paid too little attention as signs of trouble began to build. The same thing happened with the abandoned plans to build a Columbia River Crossing. And the same thing happened with Rudy Crew, the high-salaried expert whom Kitzhaber put in charge of his education reform project but who accomplished little other than racking up travel bills. ----- 1 ----- 2 ----- 3 ----- 4

25. Having heard this, let me ask you again: if the election for Governor of Oregon were held today, for whom would you vote if the candidates were **(ROTATE)**

- John Kitzhaber **(KITZ-hob-ber)**, the Democrat and
- Dennis Richardson, the Republican?

(IF UNDECIDED, ASK) "Toward whom would you lean?"

John Kitzhaber ----- 1
(LEAN KITZHABER) ----- 2
Dennis Richardson ----- 3
(LEAN RICHARDSON) ----- 4
(DON'T READ) DK/NA ----- 5

WE'RE JUST ABOUT DONE. I'M ONLY GOING TO ASK YOU A FEW MORE QUESTIONS FOR CLASSIFICATION PURPOSES.

26. How would you describe yourself politically: Are you liberal, moderate, or conservative? **(IF LIBERAL/CONSERVATIVE ASK: "Is that very liberal/conservative or just somewhat?")**

- Very liberal ----- 1
- Somewhat liberal ----- 2
- Moderate ----- 3
- Somewhat conservative ----- 4
- Very conservative ----- 5
- (DON'T READ) DK/NA/REFUSED ----- 6**

27. Do you have any children under the age of 19 living at home?

- Yes, children under 19 at home ----- 1
- No, no children ----- 2
- (DON'T READ) DK/Refused ----- 3**

28. What was the last level of school you completed?

- Grades 1-8 ----- 1
- Grades 9-11 ----- 2
- High school graduate (12) ----- 3
- Some college/vocational school ----- 4
- College (4 years) ----- 5
- Post-graduate work ----- 6
- (DON'T READ) DK/NA/REFUSED ----- 7**

29. **(T)** Are you employed outside the home, or are you a homemaker, a student, or retired? **(IF EMPLOYED, ASK: Are you employed full- or part-time?)**

- Employed/full-time ----- 1
- Employed/part-time ----- 2
- Homemaker ----- 3
- Student ----- 4
- Retired ----- 5
- Unemployed ----- 6
- Other ----- 7
- (DON'T KNOW/NA) ----- 8**

30. Are you, or is a member of your family, a member of a labor union?

- Yes, myself ----- 1
- Yes, family ----- 2
- Yes, both ----- 3
- No ----- 4
- (DON'T KNOW/NA) ----- 5**

31. I don't need to know the exact amount, but I'm going to read you some categories for household income. Would you please stop me when I have read the category indicating the total combined income for all the people in your household before taxes in 2013?

\$30,000 and under ----- 1
\$30,001 - \$60,000----- 2
\$60,001 - \$90,000----- 3
\$90,000 - \$120,000 ----- 4
More than \$120,000 ----- 5
(DON'T READ) Refused ----- 6

THANK AND TERMINATE

SEX (BY OBSERVATION): Male ----- 1
Female----- 2

PARTY REGISTRATION: Democrat----- 1
Republican ----- 2
Non-Partisan/Other ----- 3

Name _____ Phone # _____

Address _____ Date _____

City _____ Cluster # _____

Interviewer _____ Precinct _____

Verified by _____ Page # _____

ZIP CODE _____ County _____

House District _____ Senate District _____

Voter ID# _____

CONGRESSIONAL DISTRICT

1-----1
2-----2
3-----3
4-----4
5-----5

FLAGS

P06-----1
G06-----2
P08-----3
G08-----4
P010-----5
G10-----6
P12-----7
G12-----8
BLANK-----9

AGE

18-29----- 1
30-39----- 2
40-49----- 3
50-64----- 4
65-74----- 5
75+----- 6

COUNTY

Clackamas ----- 1
Lane----- 2
Marion----- 3
Multnomah----- 4
Washington ----- 5
Other----- 6

MEDIA MARKET

Portland ----- 1
Eugene----- 2
Medford ----- 3
Bend ----- 4
Other----- 5

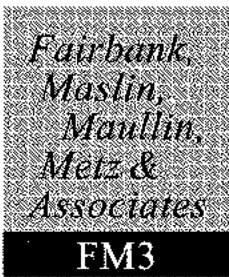
To: John Kitzhaber [REDACTED]@gmail.com]
From: Patricia McCaig
Sent: 2014-05-01T14:39:25Z
Subject: Survey
Received: 2014-05-01T14:39:42Z
220-3861 Oregon State Election Survey - Draft 3.doc

Governor, this is almost a go. Hope to get in the field tonight, we are doing final tweaks this a.m. Your team has reviewed.

Hi, first, remember this is a confidential document. We don't even want to talk about it outside of ourselves. It is about 98% done - primarily review for big gaps, language clarity and any mis statements of facts. If you can turn around your edits asap that would be great.

The purpose of the poll is threefold:

- 1) Track changes from October 2013 Kitzhaber baseline (marked by T)
- 2) Explore additional policy goals/accomplishment language to help guide the next couple of months
- 3) Understand perceptions of Cover Oregon, who voters hold accountable, and reaction to proposed actions.



OREGON GUBERNATORIAL ELECTION SURVEY
220-3861
DRAFT 3
A/B SPLITS

Hello, I'm _____ from F-M-3, a public opinion research company. We're conducting a survey about issues that concern voters in Oregon. I am not trying to sell you anything and I will not ask you for a donation or contribution of any kind. May I speak with _____? **(MUST SPEAK WITH VOTER LISTED. VERIFY THAT THE VOTER LIVES AT THE ADDRESS LISTED--OTHERWISE TERMINATE.)**

A. **(T)** Before we begin, I need to know if I have reached you on a cell phone, and if so, are you in a place where you can talk safely without endangering yourself or others? **(IF NOT ON A CELL PHONE, ASK: Do you own a cell phone?)**

- Yes, cell and can talk safely ----- **(ASK QB)** ----- 1
- Yes, cell but cannot talk safely ----- **TERMINATE**
- No, not on cell, but own one----- **(ASK QB)** ----- 2
- No, not on cell and do not own one ----- **(SKIP QB)** ----- 3
- (DON'T READ) DK/NA/REFUSED** ----- **TERMINATE**

(ASK QB ONLY IF CODES 1 OR 2 "OWN A CELL PHONE" IN QA)

B. **(T)** Would you say you use your cell phone to make and receive all of your phone calls, most of your phone calls, do you use your cell phone and home landline phone equally, or do you mostly use your home landline phone to make and receive calls?

- All cell phone----- 1
- Mostly cell phone ----- 2
- Cell and landline equally ----- 3
- Mostly landline----- 4
- (DON'T READ) DK/NA** ----- 5

(RESUME ASKING ALL RESPONDENTS)

I. **(T)** Next, would you say that things in the State of Oregon (**OR-a-gun**) are generally headed in the right direction or do you feel that things are pretty seriously off on the wrong track?

- Right direction----- 1
- Wrong track----- 2
- (DON'T READ) DK/NA** ----- 3

2. Now I'm going to read you the names of some people and organizations active in public life. For each you have heard of, please tell me whether you have a very favorable, somewhat favorable, somewhat unfavorable or very unfavorable opinion of that person or group. If you have never heard of that person, or if you don't know enough to rate them, please say so. **(RANDOMIZE)**

	NEVER HEARD OF	VERY FAV.	S.W. FAV.	S.W. UNFAV.	VERY UNFAV.	HEARD OF BUT DON'T KNOW ENOUGH
[] a. (T) The Oregon (OR-a-gun) State Legislature -----	1	2	3	4	5	6
[] b. (T) John Kitzhaber (KITZ- hob-ber) -----	1	2	3	4	5	6
[] c. (T) Jeff Merkley (MURK-lee) ----	1	2	3	4	5	6
[] d. Jason Conger -----	1	2	3	4	5	6
[] e. Monica Wehby (WEBBY) -----	1	2	3	4	5	6
[] f. (T) Dennis Richardson -----	1	2	3	4	5	6
[] g. (T) Cover Oregon -----	1	2	3	4	5	6

NOW I WOULD LIKE TO ASK YOU A FEW QUESTIONS ABOUT GOVERNOR KITZAHBER.

3. **(T)** In general, do you approve or disapprove of the job that John Kitzhaber **(KITZ-hob-ber)** has been doing as Governor? **(IF APPROVE/DISAPPROVE, ASK: Is that strongly APPROVE/DISAPPROVE or just somewhat?)**

- Strongly approve ----- 1
- Somewhat approve ----- 2
- Somewhat disapprove ----- 3
- Strongly disapprove ----- 4
- (DON'T KNOW/NA)** ----- 5

4. **(T)** In November's election, do you think you will vote for Governor John Kitzhaber **(KITZ-hob-ber)**, will you consider voting for someone else, or do you think you will vote to replace him?

- Vote for Kitzhaber ----- 1
- Consider someone else ----- 2
- Vote to replace ----- 3
- (DON'T KNOW/NA)** ----- 4

5. (T) And if the election for Governor of Oregon were held today, for whom would you vote if the candidates were (ROTATE)

- John Kitzhaber (KITZ-hob-ber), the Democrat and
- Dennis Richardson, the Republican?

(IF UNDECIDED, ASK) "Toward whom would you lean?"

John Kitzhaber ----- 1
 (LEAN KITZHABER) ----- 2
 Dennis Richardson----- 3
 (LEAN RICHARDSON) ----- 4
 (DON'T READ) DK/NA ----- 5

6. (T) Thinking about the past few weeks, have the things you have heard and seen recently about John Kitzhaber (KITZ-hob-ber) made you feel more favorable or less favorable toward him?

More favorable ----- 1
 Less favorable ----- 2
 (DON'T READ) Both/Neither/No Change ----- 3
 (DON'T READ) Have Not Seen Much ----- 4
 (DON'T READ) DK/Not Sure ----- 5

7. Next, I'm going to read you a list of phrases that may or may not describe John Kitzhaber (KITZ-hob-ber). Please tell me whether you feel each phrase is an accurate or an inaccurate description of him. If you don't know, or have no opinion, please tell me that too. (IF ACCURATE/ INACCURATE, ASK: Is that very ACCURATE/INACCURATE or just somewhat?) (RANDOMIZE)

(NO
 VERY S.W. S.W. VERY OPINION/
ACC. ACC. INACC. INACC. DK/NA)

(SPLIT SAMPLE A ONLY)

- a. Has big plans but does not deliver -----1 ----- 2 -----3 ----- 4-----5
- b. Is too hands-off in managing state
 government -----1 ----- 2 -----3 ----- 4-----5
- c. (T) Is independent -----1 ----- 2 -----3 ----- 4-----5
- d. (T) Is a strong leader -----1 ----- 2 -----3 ----- 4-----5
- e. (T) Is positive and optimistic -----1 ----- 2 -----3 ----- 4-----5
- f. (T) Is on our side -----1 ----- 2 -----3 ----- 4-----5
- g. (T) Can work across party lines to get
 things done -----1 ----- 2 -----3 ----- 4-----5
- h. (T) Is honest and someone we can trust-----1 ----- 2 -----3 ----- 4-----5
- i. (T) Too tied to the past -----1 ----- 2 -----3 ----- 4-----5
- j. (T) Too close to special interests-----1 ----- 2 -----3 ----- 4-----5

(NO
OPINION/
DK/NA)

	<u>VERY ACC.</u>	<u>S.W. ACC.</u>	<u>S.W. INACC.</u>	<u>VERY INACC.</u>	
--	----------------------	----------------------	------------------------	------------------------	--

(SPLIT SAMPLE B ONLY)

- | | | | | | |
|---|---|---|---|---|---|
| []k. Has unrealistic goals ----- | 1 | 2 | 3 | 4 | 5 |
| []l. (T) Shares my values ----- | 1 | 2 | 3 | 4 | 5 |
| []m. (T) Will win re-election ----- | 1 | 2 | 3 | 4 | 5 |
| []n. (T) Has been in office too long----- | 1 | 2 | 3 | 4 | 5 |
| []o. (T) Has lost touch with the concerns of
ordinary Oregonians ----- | 1 | 2 | 3 | 4 | 5 |
| []p. (T) Has brought about major change in
state government----- | 1 | 2 | 3 | 4 | 5 |
| []q. (T) Has a vision for Oregon's future ----- | 1 | 2 | 3 | 4 | 5 |
| []r. (T) Has helped to improve Oregon's
economy ----- | 1 | 2 | 3 | 4 | 5 |

(RESUME ASKING ALL RESPONDENTS)

8. Now I'm going to read you some pairs of descriptions of John Kitzhaber. After I read each pair, please tell me which one you think describes him better. Remember, choose just one even if it's hard to decide. Here's the first pair. **(ROTATE PAIRS AND WITHIN PAIRS)**

[]a.

[]b. **(T)** [] Has taken actions that have strengthened Oregon's economy and created jobs ----- 1

OR

[] Has not done much to help improve Oregon's economy ----- 2

(DON'T READ)

(BOTH)----- 3

(NEITHER) ----- 4

(DON'T KNOW/NA) ----- 5

9. Next, I am going to read you a list of a few things Governor Kitzhaber has done during his most recent term in office. Please tell me whether, in general, you approve or disapprove of each item. **(IF APPROVE/DISAPPROVE, ASK: Is that strongly APPROVE/DISAPPROVE or just somewhat?) (RANDOMIZE)**

	<u>STR.</u> <u>APPR.</u>	<u>S.W.</u> <u>APPR.</u>	<u>S.W.</u> <u>DISAPP.</u>	<u>STR.</u> <u>DISAPP.</u>	<u>(DON'T</u> <u>READ)</u> <u>DK/NA</u>
[]a. Getting thousands of Oregonians quality, affordable health coverage for the first time -----	1	2	3	4	5
[]b. Reforming PERS, the state's public employee retirement system, to save hundreds of millions of dollars in pension costs -----	1	2	3	4	5

(SPLIT SAMPLE A ONLY)

[]c. Changing the health system to successfully increase use of preventive care and reduce use of emergency rooms -----	1	2	3	4	5
[]d. Helping to create 94 thousand jobs in Oregon since the beginning of his term -----	1	2	3	4	5
[]e. Passing education reforms and providing over a billion dollars in new funding, to deliver better results for students and more resources for teachers -----	1	2	3	4	5
[]f. -----	1	2	3	4	5

(SPLIT SAMPLE B ONLY)

[]g. Reducing the growth in health care spending in Oregon by more than XX dollars per year -----	1	2	3	4	5
[]h. Working with business leaders to reduce Oregon's unemployment rate by nearly three points -----	1	2	3	4	5
[]i. Improving the accountability and effectiveness of state government by overhauling state agencies and replacing two dozen agency directors -----	1	2	3	4	5
[]j. Proposing changes to the tax code that encouraged the growth and expansion of small business -----	1	2	3	4	5

(RESUME ASKING ALL RESPONDENTS)

NOW I WOULD LIKE TO ASK YOU ABOUT SOME OTHER ISSUES.

10. In thinking about the economy, which of the following do you think should be a higher priority for state government: **(ROTATE)**

Creating jobs in growing and innovative industries like clean energy and clean technology ----- 1

OR

Creating jobs in traditional industries, through increasing manufacturing and promoting more international trade ----- 2

(DON'T READ)

(BOTH)----- 3

(NEITHER) ----- 4

(DON'T KNOW/NA) ----- 5

11. Next, here is a list of proposals that Oregon state government may consider in the next few years. After I read each one, please tell me whether it sounds like something you would support or oppose. **(IF SUPPORT/ OPPOSE, ASK: Is that strongly SUPPORT/OPPOSE or just somewhat?)**
(RANDOMIZE)

STR. S.W. S.W. STR. (DK/
SUPP. SUPP. OPP. OPP. NA)

(SPLIT SAMPLE A ONLY)

- a. Increasing the use of clean and renewable energy in Oregon, like wind and solar power ----- 1 ----- 2 -----3 ----- 4 ----- 5
- b. Increasing funding for transportation to improve roads and bridges and reduce congestion ----- 1 ----- 2 -----3 ----- 4 ----- 5
- c. Setting new state standards to require equal pay for men and women that are doing the same work ----- 1 ----- 2 -----3 ----- 4 ----- 5
- d. Focusing on creating more middle-income jobs in Oregon, as opposed to high- and low-wage jobs ----- 1 ----- 2 -----3 ----- 4 ----- 5
- e. Boosting workforce training to better prepare Oregonians with the skills they need for the jobs of the 21st century----- 1 ----- 2 -----3 ----- 4 ----- 5
- f. Increasing opportunities for early childhood education in Oregon----- 1 ----- 2 -----3 ----- 4 ----- 5
- g. Creating new jobs in rural Oregon in forest management, protecting wildlife habitat and forest health while producing a reliable supply of timber----- 1 ----- 2 -----3 ----- 4 ----- 5
- h. Expanding affordable school lunch and breakfast programs to that all Oregon children have access to healthy food at school ----- 1 ----- 2 -----3 ----- 4 ----- 5
- i. Placing a tax on energy sources that generate carbon pollution, like gasoline, oil, and coal ----- 1 ----- 2 -----3 ----- 4 ----- 5

STR. S.W. S.W. STR. (DK/
SUPP. SUPP. OPP. OPP. NA)

(SPLIT SAMPLE B ONLY)

- [j]. Stopping plans to haul coal by train through Oregon
to be shipped to Asia ----- 1 ----- 2 -----3 ----- 4 ----- 5
- [jk. Working to promote local, rather than statewide,
economic development proposals that are
appropriate for specific communities in different
parts of the state ----- 1 ----- 2 -----3 ----- 4 ----- 5
- [jl. Increasing awareness of poverty in Oregon and
promoting state programs to help the poor ----- 1 ----- 2 -----3 ----- 4 ----- 5
- [jm. Helping small businesses to grow and expand ----- 1 ----- 2 -----3 ----- 4 ----- 5
- [jn. Promoting more development of low-polluting
vehicle fuels in Oregon ----- 1 ----- 2 -----3 ----- 4 ----- 5
- [jo. Revamping workforce training to better match
employers with workers who have the skills they
need----- 1 ----- 2 -----3 ----- 4 ----- 5
- [jp. Changing the tax code to encourage work at the
lower end of the income spectrum ----- 1 ----- 2 -----3 ----- 4 ----- 5
- [jq. Boosting investment in early reading skills through
third-grade, which research shows is an effective
way to improve high school graduation rates ----- 1 ----- 2 -----3 ----- 4 ----- 5
- [jr. Improving the nutritional content of school lunch
and breakfast programs to that all Oregon children
have access to healthy food at school ----- 1 ----- 2 -----3 ----- 4 ----- 5
- [js. Placing a tax on energy sources that generate carbon
pollution, like gasoline, oil, and coal, in order to
raise money for clean energy and energy efficiency
programs ----- 1 ----- 2 -----3 ----- 4 ----- 5

(RESUME ASKING ALL RESPONDENTS)

NOW I AM GOING TO READ YOU DESCRIPTIONS OF TWO CANDIDATES FOR STATE OFFICE IN OREGON, SMITH AND JONES. AFTER YOU HEAR EACH DESCRIPTION, PLEASE TELL ME HOW LIKELY YOU WOULD BE TO VOTE FOR THAT CANDIDATE.

(ROTATE QX AND QX)

12. Here is **ONE/ANOTHER** description of a potential candidate for state office: Candidate SMITH says that the key to Oregon’s success is to ensure that everyone has an equal opportunity to meet their basic needs and better themselves through hard work; and give their children a better future. SMITH says we can achieve these goals by transforming Oregon’s economy to create living-wage jobs in new, sustainable industries; support workers with education and training; emphasize prevention and reduce costs on health care; and protect our environment and natural resources.

How likely do you think you would be to vote for candidate Smith: **(READ LIST)**

- Very likely ----- 1
- Somewhat likely ----- 2
- Not too likely ----- 3
- Not at all likely ----- 4
- (DON'T READ) DK/Not Sure ----- 5**

13. Here is **ONE/ANOTHER** description of a potential candidate for state office: Candidate JONES says that for our children and grandchildren, we must fundamentally change the way we live. We know that human activities are damaging our environment; and that the current economic system has grown the gap between rich and poor, impoverishing the planet and millions of our fellow human beings. JONES says should not make economic growth our society’s main goal. We must shift our priorities, to reduce consumption; cut back our use of fossil fuels to reduce carbon pollution; and create jobs that will enable people to make decent money while taking care of our more vulnerable citizens.

How likely do you think you would be to vote for candidate Jones: **(READ LIST)**

- Very likely ----- 1
- Somewhat likely ----- 2
- Not too likely ----- 3
- Not at all likely ----- 4
- (DON'T READ) DK/Not Sure ----- 5**

14. And which of these candidates would you be most likely to support: **(ROTATE)** [] Candidate Smith or [] Candidate Jones?

- Candidate Smith----- 1
- Candidate Jones ----- 2
- (DON'T READ) Both ----- 3**
- (DON'T READ) Neither ----- 4**
- (DON'T READ) DK/Not Sure ----- 5**

MY NEXT QUESTIONS DEAL WITH HEALTH CARE IN OREGON.

15. First, have you seen, heard or read anything recently about with the introduction of Cover Oregon, Oregon’s health insurance marketplace under the federal Affordable Care Act? **(IF YES, ASK: Have you seen, heard or read a great deal or just a little about it?)**

- Yes, a great deal----- 1
- Yes, a little ----- 2
- No, nothing at all----- 3
- (DON'T READ)** DK/Not Sure ----- 4

AS YOU MAY HAVE HEARD, COVER OREGON HAS BEEN PLAGUED BY TECHNOLOGY PROBLEMS SINCE IT WAS INTRODUCED LAST ALL. BUILT AT A COST OF MORE THAN 250 MILLION DOLLARS, THE STATE WEBSITE IS STILL NOT FUNCTIONAL – LEAVING OREGON AS THE ONLY STATE IN THE COUNTRY WHERE PEOPLE CANNOT SIGN UP FOR HEALTH INSURANCE ONLINE.

16. I am going to read you a list of people and organizations connected to Cover Oregon; after I read each one, please tell me how responsible you hold them for the problems Cover Oregon has experienced: very responsible, somewhat responsible, or not too responsible. **(RANDOMIZE)**

	<u>VERY</u> <u>RESP.</u>	<u>SW</u> <u>RESP.</u>	<u>NOT TOO</u> <u>RESP.</u>	<u>(DK/</u> <u>NA)</u>
[] a. Governor Kitzhaber -----	1	2	3	4
[] b. The Oregon State Legislature-----	1	2	3	4
[] c. Staff at the Oregon Health Authority -----	1	2	3	4
[] d. Oracle, the company contracted to build the website -----	1	2	3	4
[] e. Health insurance companies -----	1	2	3	4
[] f. The federal government -----	1	2	3	4

17. And who would you say is most responsible for causing the problems with the Cover Oregon on-line website: **(READ LIST AND ROTATE)**

- [] Governor Kitzhaber ----- 1
- [] The Oregon State Legislature ----- 2
- [] The federal government ----- 3
- [] Oracle, the company contracted to build the website ----- 4
- [] Staff of the Oregon Health Authority----- 5
- (DON'T READ)** DK/Not Sure ----- 6

18. After a review of the problems with Cover Oregon, Governor Kitzhaber has decided to and instead Oregonians to enroll for health insurance through the federal exchange website. Do you approve or disapprove of this decision? (IF APPROVE/DISAPPROVE, ASK: "Is that strongly APPROVE/DISAPPROVE or just somewhat?")

- Strongly approve ----- 1
- Somewhat approve ----- 2
- Somewhat disapprove ----- 3
- Strongly disapprove ----- 4
- (DON'T READ) DK/NA/REFUSED ----- 5

19. Given everything you have heard, which of the following comes closer to your opinion: (ROTATE)

[] After an extensive review, the problems with Cover Oregon have been largely resolved and it is time to move on ----- 1

OR

[] Cover Oregon is a major state program, and the questions about its problems have not been resolved; the issue needs more investigation ----- 2

(DON'T READ)

(BOTH)----- 3

(NEITHER) ----- 4

(DON'T KNOW/NA) ----- 5

20. Next, which of these do you think should be the top priority for state government moving forward as it relates to Cover Oregon? (RANDOMIZE) And which would be your second priority? (IF DK/NA ON FIRST CHOICE, CODE DK/NA FOR SECOND CHOICE) (IF SAYS NONE IN FIRST CHOICE, CODE NONE IN SECOND CHOICE) (IF UNWILLING TO CHOOSE, BUT SAYS ALL, CODE ALL IN FIRST AND DK/NA IN SECOND)

1st CHOICE 2nd CHOICE

[] Conducting a thorough investigation, identifying who was responsible for the problems with the exchange, and holding financially and legally accountable ----- 1----- 1

[] Continuing to implement reforms of the health care system that will expand health care coverage and reduce costs ----- 2----- 2

[] Moving on to focus on other key issues, like the economy, schools, and transportation ----- 3----- 3

(DON'T READ) Other (SPECIFY) ----- 4----- 4

(DON'T READ) All----- 5----- 5

(DON'T READ) None ----- 6----- 6

(DON'T READ) DK/NA ----- 7----- 7

(SPLIT SAMPLE A ONLY)

21. Next, which of the following statements about Governor Kitzhaber's actions on this issue comes closest to your opinion: (ROTATE PAIRS AND WITHIN PAIRS)

Governor Kitzhaber has done a very poor job of handling the problems with Cover Oregon. 248 million dollars in taxpayer money was wasted on developing a non-functional website that has been entirely scrapped, and months were wasted with hardly anyone signed up for health care. And now, after being the only state to fail at setting up its own on-line exchange, Oregon has had to surrender its independence and join the flawed federal Obamacare website. ----- 1

OR

Despite problems with the website, through Cover Oregon Governor Kitzhaber has made important progress on health care reforms that will benefit Oregon. 300 thousand people have been signed up for health insurance, many of whom could not have gotten health insurance any other way. And the reforms that accompanied Cover Oregon have already improved the quality of care and cut XX million on health care costs for Oregon taxpayers – trends projected to further improve over time ----- 2

(DON'T READ)

(BOTH)----- 3

(NEITHER) ----- 4

(DON'T KNOW/NA) ----- 5

(SPLIT SAMPLE B ONLY)

22. Next, which of the following statements about Governor Kitzhaber’s actions on this issue comes closest to your opinion: **(ROTATE PAIRS AND WITHIN PAIRS)**

Governor Kitzhaber has done a very poor job of handling the problems with Cover Oregon. 248 million dollars in taxpayer money was wasted on developing a non-functional website that has been entirely scrapped, and months were wasted with hardly anyone signed up for health care. And now, after being the only state to fail at setting up its own on-line exchange, Oregon has had to surrender its independence and join the flawed federal Obamacare website. ----- 1

OR

Governor Kitzhaber has responded quickly and appropriately to handle the problems with Cover Oregon. As the website problems emerged, he allowed people to complete enrollment off-line and then added Oregon to the federal exchange – preserving Oregonians’ access to new health care choices. Kitzhaber conducted a swift investigation, immediately fired and replaced key officials who failed at overseeing the system, and is preparing to sue the negligent contractors who set up the website ----- 2

(DON'T READ)

(BOTH)----- 3

(NEITHER) ----- 4

(DON'T KNOW/NA) ----- 5

(RESUME ASKING ALL RESPONDENTS)

23. There have been two different elements of Governor Kitzhaber’s response to problems with Cover Oregon. Which of these aspects of his response do you think is most important: **(ROTATE)**

Continuing with the goal of health care reform, by signing 300 thousand people up for health insurance, reducing health care costs, and improving the quality of care ----- 1

OR

Ensuring accountability for problems with the Cover Oregon website by conducting a thorough investigation, firing and replacing responsible officials, and taking legal action against the negligent contractor ----- 2

(ALWAYS ASK LAST)

Or do you think both of these aspects of his response are equally important? ----- 3

(DON’T READ)

(NEITHER) ----- 4

(DON’T KNOW/NA) ----- 5

**NOW I WOULD LIKE TO ASK A FEW MORE QUESTIONS
ABOUT THE ELECTION FOR GOVERNOR.**

24. I'm going to read you some statements that have been made by opponents of John Kitzhaber. After you hear each one, please tell me whether it raises serious doubts, some doubts, or no doubts at all about John Kitzhaber. **(RANDOMIZE)**

SER. SOME NO (DON'T
DOUBTS DOUBTS DOUBTS KNOW)

- []a. **(CRC)** It was recently revealed by Governor Kitzhaber's administration that the state spent 200 million dollars in taxpayer money on the Columbia River Crossing – a bridge that was never built. Contracts worth tens of millions of dollars went to well-connected engineering and public relations firms – money which produced essentially no benefits for Oregon residents. ----- 1 -----2 ----- 3 ----- 4
- []b. **(COVER OREGON)** Despite more than 100 million dollars of state investment, Cover Oregon – the state's on-line health insurance exchange – is so deeply flawed that it has never operated. Oregon spent most of this year as the only state whose residents were unable to sign up for health insurance on-line. Finally, last month Governor Kitzhaber admitted his failure and required Oregonians to use the federal Obamacare website instead. ----- 1 -----2 ----- 3 ----- 4
- []c. **(TIME)** After 40 years as a professional politician, Governor Kitzhaber has become out of touch. Time and again, we find that his staff and appointees have bungled major state projects – with the Governor unaware or taking no action. Governor Kitzhaber is a good man, but it is simply time for a change. ----- 1 -----2 ----- 3 ----- 4
- []d. **(CREW)** Kitzhaber's hand-picked chief education officer, Rudy Crew, traveled extensively during his brief time on the job. Most of that travel had nothing to do with this 280 thousand-dollar per year job; again and again, he flew first-class to give speeches, often for pay, to audiences in other parts of the country. He was largely missing during the five months the Legislature was in session – when he could have been helping to shape strategies to improve our schools – and quit after less than a year.----- 1 -----2 ----- 3 ----- 4

<u>SER.</u>	<u>SOME</u>	<u>NO</u>	<u>(DON'T</u>
<u>DOUBTS</u>	<u>DOUBTS</u>	<u>DOUBTS</u>	<u>KNOW)</u>

(ALWAYS ASK LAST)

je. **(TALK)** On issue after issue, Governor Kitzhaber announces big plans and then fails to deliver on them. Cover Oregon failed because Kitzhaber put his trust in the wrong people, and then paid too little attention as signs of trouble began to build. The same thing happened with the abandoned plans to build a Columbia River Crossing. And the same thing happened with Rudy Crew, the high-salaried expert whom Kitzhaber put in charge of his education reform project but who accomplished little other than racking up travel bills. ----- 1 ----- 2 ----- 3 ----- 4

25. Having heard this, let me ask you again: if the election for Governor of Oregon were held today, for whom would you vote if the candidates were **(ROTATE)**

- John Kitzhaber **(KITZ-hob-ber)**, the Democrat and
- Dennis Richardson, the Republican?

(IF UNDECIDED, ASK) "Toward whom would you lean?"

John Kitzhaber ----- 1
(LEAN KITZHABER) ----- 2
Dennis Richardson ----- 3
(LEAN RICHARDSON) ----- 4
(DON'T READ) DK/NA ----- 5

WE'RE JUST ABOUT DONE. I'M ONLY GOING TO ASK YOU A FEW MORE QUESTIONS FOR CLASSIFICATION PURPOSES.

26. How would you describe yourself politically: Are you liberal, moderate, or conservative? **(IF LIBERAL/CONSERVATIVE ASK: "Is that very liberal/conservative or just somewhat?")**

- Very liberal ----- 1
- Somewhat liberal ----- 2
- Moderate ----- 3
- Somewhat conservative ----- 4
- Very conservative ----- 5
- (DON'T READ) DK/NA/REFUSED ----- 6**

27. Do you have any children under the age of 19 living at home?

- Yes, children under 19 at home ----- 1
- No, no children ----- 2
- (DON'T READ) DK/Refused ----- 3**

28. What was the last level of school you completed?

- Grades 1-8 ----- 1
- Grades 9-11 ----- 2
- High school graduate (12) ----- 3
- Some college/vocational school ----- 4
- College (4 years) ----- 5
- Post-graduate work ----- 6
- (DON'T READ) DK/NA/REFUSED ----- 7**

29. **(T)** Are you employed outside the home, or are you a homemaker, a student, or retired? **(IF EMPLOYED, ASK: Are you employed full- or part-time?)**

- Employed/full-time ----- 1
- Employed/part-time ----- 2
- Homemaker ----- 3
- Student ----- 4
- Retired ----- 5
- Unemployed ----- 6
- Other ----- 7
- (DON'T KNOW/NA) ----- 8**

30. Are you, or is a member of your family, a member of a labor union?

- Yes, myself ----- 1
- Yes, family ----- 2
- Yes, both ----- 3
- No ----- 4
- (DON'T KNOW/NA) ----- 5**

31. I don't need to know the exact amount, but I'm going to read you some categories for household income. Would you please stop me when I have read the category indicating the total combined income for all the people in your household before taxes in 2013?

- \$30,000 and under ----- 1
- \$30,001 - \$60,000----- 2
- \$60,001 - \$90,000----- 3
- \$90,000 - \$120,000 ----- 4
- More than \$120,000 ----- 5
- (DON'T READ)** Refused ----- 6

THANK AND TERMINATE

SEX (BY OBSERVATION):

Male ----- 1
Female ----- 2

PARTY REGISTRATION:

Democrat ----- 1
Republican ----- 2
Non-Partisan/Other ----- 3

Name _____

Phone # _____

Address _____

Date _____

City _____

Cluster # _____

Interviewer _____

Precinct _____

Verified by _____

Page # _____

ZIP CODE _____

County _____

House District _____

Senate District _____

Voter ID# _____

CONGRESSIONAL DISTRICT

1 -----1
2 -----2
3 -----3
4 -----4
5 -----5

AGE

18-29 ----- 1
30-39 ----- 2
40-49 ----- 3
50-64 ----- 4
65-74 ----- 5
75+ ----- 6

FLAGS

P06 -----1
G06 -----2
P08 -----3
G08 -----4
P010 -----5
G10 -----6
P12 -----7
G12 -----8
BLANK -----9

COUNTY

Clackamas ----- 1
Lane ----- 2
Marion ----- 3
Multnomah ----- 4
Washington ----- 5
Other ----- 6

MEDIA MARKET

Portland ----- 1
Eugene ----- 2
Medford ----- 3
Bend ----- 4
Other ----- 5

To: John Kitzhaber [REDACTED]
From: Cylvia Hayes
Sent: 2014-01-21T02:18:34Z
Subject: Re: New Oregonian editorial is up
Received: 2014-01-21T02:18:35Z

I am here.

C

Cylvia Hayes
CEO, 3EStrategies

[REDACTED]

From: John Kitzhaber [REDACTED]
Date: Monday, January 20, 2014 5:08 PM
To: Cylvia Hayes [REDACTED]
Subject: FW: New Oregonian editorial is up

Will call you in a bit.

Love,

JK

From: Nkenge Harmon [REDACTED] HARMON JOHNSON CONSULTANT EMAIL
Reply-To: Nkenge Harmon [REDACTED]
Date: Monday, January 20, 2014 at 4:54 PM
To: KITZHABER, BONETTO PERSONAL EMAIL, PALMATEER PERSONAL EMAIL, RAPHAEL PERSONAL EMAIL [REDACTED]
Subject: New Oregonian editorial is up

The below aggressive editorial was posted today at 3:30 pm.

Cover Oregon mess requires stronger response: Editorial

Cover Oregon board member Bruce Goldberg, above, assumed control of the troubled exchange after the departure of Executive Director Rocky King. (*Michael Lloyd/The Oregonian*)

The Oregonian Editorial Board By The Oregonian Editorial Board

Follow on Twitter

on January 20, 2014 at 3:18 PM, updated January 20, 2014 at 3:37 PM

Credibility has been a critical element of Gov. John Kitzhaber's third-term narrative. Before trying to sell habitually skeptical Oregonians on tax reform and other eat-your-spinach proposals, the thinking goes, it's necessary to foster trust through the determined exercise of responsible governance.

Kitzhaber made a large deposit in the credibility bank last year **with his leadership on public pension reform**, but he's watched much of that advantage melt away over the past few months thanks to the Cover Oregon fiasco, which raises questions not only about those with more direct involvement, but also about the governor himself.

When Cover Oregon fizzled spectacularly on its anticipated launch date, a lot of people were surprised – including, believe it or not, Kitzhaber, who acknowledged **during a recent meeting with The Oregonian's editorial board** that he was out of the loop. Thanks to his work on the Oregon Health Plan and, between his second and third terms, with the Archimedes Movement, Kitzhaber has become practically synonymous

with health care reform. Yet he was caught off guard by the failure of the state's ambitious and hugely expensive health insurance exchange? The governor's Cover Oregon bubble would be less noteworthy if the exchange had been crippled by a problem nobody saw coming. But that's not so. Plenty of people knew about Cover Oregon's problems, **as reported Sunday by The Oregonian's Nick Budnick and Jeff Manning**, and the warnings long preceded last year's ill-fated launch attempt. Among those who raised the alarm were technology experts from the state Department of Administrative Services and the Legislative Fiscal Office. Also issuing repeated warnings was Maximus, a Virginia company hired to exercise independent oversight.

Oregonian editorials

Editorials reflect the collective opinion of The Oregonian editorial board, which operates independently of the newsroom.

Members of the editorial board are Mark Hester,

Erik Lukens, Susan Nielsen
and Len Reed.

To respond to this editorial:

Post your comment below, submit a **commentary piece**,
or write a **letter to the editor**.

If you have questions about
the opinion section,
contact Erik Lukens,
editorial and commentary editor,

At least some of the numerous warnings, Budnick and Manning reported, were read by Mike Bonetto, the governor's health policy adviser and liaison to Cover Oregon, and Bruce Goldberg, who has served both as head of the Oregon Health Authority and as a member of the Cover Oregon board. While both men occupied positions of great responsibility, neither, it seems, passed along information that would have prevented the governor from being, in his words, "entirely outside the loop." Nor, it seems, did they respond to warnings aggressively enough to discover how deep Cover Oregon's problems really were.

Why not? Goldberg says former Cover Oregon head Rocky King "misled" him, and Bonetto claims, "I didn't get the accurate information." King has resigned, as has Carolyn Lawson, the OHA employee responsible for the Web site. Meanwhile, Goldberg has been appointed interim director of Cover Oregon, and Bonetto has become Kitzhaber's chief of staff.

You see the problem, as, we hope, does Kitzhaber.

Perhaps we should say problems, plural. The first and more immediate problem is getting the exchange's Web site to work - if possible.

Goldberg's experience as OHA head and Cover Oregon board member makes his I-was-misled excuse hard to swallow, but his knowledge of the exchange justifies some role in the rescue effort. However, putting him in charge, as the Cover Oregon board has done, contributes to a second problem, which has to do with credibility.

Sen. Richard Devlin, D-Tualatin, asked at a Capitol hearing last week why nobody at Cover Oregon bothered to inform him that "the emperor has no clothes." Goldberg and Bonetto had both the opportunity and the responsibility to discover the extent of Cover Oregon's nakedness and make it known to the governor, who might have prepared Oregonians for what was to come. Judging by the governor's surprise, they didn't. Yet Goldberg now serves as Cover Oregon's interim tailor, and Bonetto is Kitzhaber's right-hand man.

The governor's office has hired an Atlanta company to complete an independent review of the Cover Oregon disaster by the end of March.

Taxpayers will know more than they do now, but they already know more than enough to wonder, with justification, about Kitzhaber himself. What do Goldberg's and Bonetto's apparent lapses - in communication and aggressive curiosity - say about the organizational culture for which Kitzhaber is chiefly responsible? If he were running a business, he wouldn't get a pass for failing to know about critical problems with a \$160 million project.

And what, for that matter, does Bonetto's promotion say about the governor's judgment? Nothing that's going to restore the his rapidly dwindling surplus of credibility, that's for sure. The same can be said of Goldberg's continuing role with Cover Oregon, though here the decision was made by the Cover Oregon board. Then again, the governor appoints most board members, and it would be naïve to assume the board would approve Goldberg's selection over the governor's strenuous objections.

At this point, a thorough house-cleaning seems to be an obvious prerequisite for renewed credibility. Shedding a couple of those responsible for the Cover Oregon debacle while shuffling higher-level officials who could have and should have done more will not be enough.

If, on the other hand, the governor can make a persuasive case for his conspicuously modest response, he should do so, and quickly. His

constituents probably don't like being left out of the loop, either.

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From: John Kitzhaber [redacted]@gmail.com>
To: Tim Raphael [redacted]@comcast.net>; Nkenge [redacted]@harmonjohnsonllc.com>
Cc: Mike Bonetto [redacted]@gmail.com>; Dmitri Palmatee [redacted]@yahoo.com>
Sent: Saturday, January 18, 2014 7:36 PM
Subject: Re: Oregonian article is up

Agreed. I think that is the pivot if we don't meet the current 2/3/14 target.

On 1/18/14, 6:13 PM, "Tim Raphael [redacted]@comcast.net" wrote:

>Oracle skated in the article...may be time to push harder on their role

>

>Tim Raphael

[redacted]

>

>> On Jan 18, 2014, at 5:47 PM, Nkenge [redacted]@harmonjohnsonllc.com>

>>wrote:

>>

>> See link below for Oregonian story. Not as bad as it could have been.

>>

>>

>>http://www.oregonlive.com/health/index.ssf/2014/01/cover_oregon_health_ex

>>change_f.html

>>

From: Mark Wiener [REDACTED]
Subject: Re: rough draft oracle statement
Date: March 1, 2014, at 11:01 AM
To: Tim Raphael [REDACTED]
Cc: Kevin Looper [REDACTED]

I'm just impressed that we knew about the agreement before Budnick.

Mark Wiener
[REDACTED]

On Mar 1, 2014, at 10:57 AM, Tim Raphael [REDACTED] wrote:

Rumors that it is slipping to later in week...was Wednesday target...now Thursday Friday...don't know

Tim Raphael
Senior Vice President

[REDACTED]

On Mar 1, 2014, at 10:51 AM, "Mark Wiener" [REDACTED] wrote:

hard to explain and nearly impossible to keep quiet. When is Sine Die projected to be?

Mark Wiener
[REDACTED]

On Mar 1, 2014, at 10:49 AM, Tim Raphael [REDACTED] wrote:

thanks Mark...the Governor may get on tonight's call. he is somewhat concerned about announcing this with the leg. in session and may push to hold it til sine die...I'm concerned that if the agreement was signed on Friday keeping it private will be hard to explain.
Tim

From: Mark Wiener [REDACTED]
Sent: Saturday, March 01, 2014 10:40 AM
To: Tim Raphael
Cc: Kevin Looper
Subject: Re: rough draft oracle statement

This looks good to me. Tiny tweak: let's say that Oregonians can CONTINUE to enroll.

We probably can't characterize what Oracle is saying, but I'd love to say something like "Oracle has told us that they have done all they can do, and it's not enough for me."

But I'm good if we can't gild the lily that much. Oh wait, I guess it's polishing the turd.

Mark Wiener
[REDACTED]

On Mar 1, 2014, at 9:44 AM, Tim Raphael [REDACTED] wrote:

boys,
draft attached...no pride of authorship...please use track changes...
Tim

| <KitzhaberOracleStatment.docx>

Winning Mark

[Website](#) | [Twitter](#) | [Instagram](#)

Winning Mark

[Website](#) | [Twitter](#) | [Instagram](#)

Winning Mark

[Website](#) | [Twitter](#) | [Instagram](#)

From: John Kitzhaber <[REDACTED]>
Subject: Re: Attorney Client Communication
Date: March 2, 2014 at 5:18:24 PM PST
To: REEVES Liani * GOV <[REDACTED]>
Cc: HARMON JOHNSON Nkenge * GOV <HARMON JOHNSON STATE EMAIL>, BONETTO Mike * GOV <BONETTO STATE EMAIL>, Tim Raphael <RAPHAEL PERSONAL EMAIL>, Kevin Looper <LOOPER PERSONAL EMAIL>, Mark Wiener <[REDACTED]>, GOLDBERG Bruce <GOLDBERG STATE EMAIL>

This language is intended to mean that we are ending our **current** relationship with Oracle — which does not mean we could not use them as a subcontractor under a system integrator in the future. It also does not spell out when open enrollment ends.

“... an agreement to end the current relationship with Oracle after an orderly transition through the open enrollment period and to complete the final phases for a fully functional health insurance exchange using other means.”

Hope this helps.

JK

From: John Kitzhaber <[REDACTED]>
Date: Sunday, March 2, 2014 at 5:02 PM
To: REEVES Liani * GOV <[REDACTED]>
Cc: HARMON JOHNSON Nkenge * GOV <HARMON JOHNSON STATE EMAIL>, BONETTO Mike * GOV <BONETTO STATE EMAIL>, Tim Raphael <RAPHAEL PERSONAL EMAIL>, Kevin Looper <LOOPER PERSONAL EMAIL>, Mark Wiener <[REDACTED]>, GOLDBERG Bruce <GOLDBERG STATE EMAIL>
Subject: Attorney Client Communication

How is my cut at it for the mix. Also, I think the agreement is between Cover Oregon and Oracle, not the State — and Cover Oregon, not the state, is holding the \$26 million. Is that right"

From: "HARMON JOHNSON Nkenge * GOV" <[REDACTED] HARMON JOHNSON STATE EMAIL >
Subject: RE: Attorney Client Communication [REDACTED]
Date: March 2, 2014 at 5:24:41 PM PST
To: "John Kitzhaber" [REDACTED], "REEVES Liani * GOV" [REDACTED]
Cc: "GOLDBERG Bruce" [REDACTED] GOLDBERG STATE EMAIL >, "Kevin Looper" [REDACTED] LOOPER PERSONAL EMAIL >, "Mark Wiener" [REDACTED] >, "BONETTO Mike * GOV" [REDACTED] BONETTO STATE EMAIL >, "Tim Raphael" [REDACTED] RAPHAEL PERSONAL EMAIL >

All: FYI, Liani is going to take a look at these updates from Gov. Later, she will also review the (nearly) final draft once we get that to her.

Thanks,
NHJ

From: John Kitzhaber [REDACTED]
Sent: Sunday, March 02, 2014 5:18 PM
To: REEVES Liani * GOV
Cc: HARMON JOHNSON Nkenge * GOV; BONETTO Mike * GOV; Tim Raphael; Kevin Looper; Mark Wiener; GOLDBERG Bruce
Subject: Re: Attorney Client Communication

This language is intended to mean that we are ending our **current** relationship with Oracle — which does not mean we could not use them as a subcontractor under a system integrator in the future. It also does not spell out when open enrollment ends.

“... an agreement to end the current relationship with Oracle after an orderly transition through the open enrollment period and to complete the final phases for a fully functional health insurance exchange using other means.”

Hope this helps.

JK

From: John Kitzhaber [REDACTED]
Date: Sunday, March 2, 2014 at 5:02 PM
To: REEVES Liani * GOV [REDACTED]

Cc: HARMON JOHNSON Nkenge * GOV [REDACTED] HARMON JOHNSON STATE EMAIL >, BONETTO Mike * GOV
[REDACTED] BONETTO STATE EMAIL >, Tim Raphael [REDACTED] RAPHAEL PERSONAL EMAIL >, Kevin Looper
[REDACTED] LOOPER PERSONAL EMAIL >, Mark Wiener [REDACTED] GOLDBERG Bruce
[REDACTED] GOLDBERG STATE EMAIL >
Subject: Attorney Client Communication

How is my cut at it for the mix. Also, I think the agreement is between Cover Oregon and Oracle, not the State — and Cover Oregon, not the state, is holding the \$26 million. Is that right"

Message

From: John Kitzhaber [REDACTED]
Sent: 3/2/2014 2:58:05 AM
To: Mike Bonetto [REDACTED] BONETTO PERSONAL EMAIL
Subject: Internal Advisory -- Confidential

Mike,

Sorry I missed the call. I will be on tomorrow. I looked at what Tim sent. I think it might be best to be a bit more moderate since we still need their cooperation for the next month. We have simply deferred the fight about the money and I think we will have an opportunity to be much harsher and more pointed ... especially if we seek damages under the False Claims Act. We can discuss further tomorrow.

Below is TR's "Man in the Arena" I mentioned to you the other day.

JK

It is not the critic who counts; not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement, and

who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory nor defeat.

From Teddy Roosevelt's "Citizenship in A Republic" Speech at the Sorbonne in Paris — April 1910.

From: TimS360 <[REDACTED]> [REDACTED] RAPHAEAL PERSONAL EMAIL
Subject: draft statement
Date: March 1, 2014 at 10:47:17 AM PST
To: Kevin Looper <[REDACTED]> [REDACTED] LOOPER CONSULTANT EMAIL
Cc: Mark Wiener <[REDACTED]> [REDACTED] Mike Bonetto <[REDACTED]> [REDACTED] BONETTO PERSONAL EMAIL
Dmitri Palmateer <[REDACTED]> [REDACTED] PALMATEER PERSONAL EMAIL [REDACTED] Patty <[REDACTED]> [REDACTED] WENTZ PERSONAL EMAIL [REDACTED] Nkenge
Harmon Johnson <[REDACTED]> [REDACTED] HARMON JOHNSON CONSULTANT EMAIL

My first shot at a statement is attached...no pride of authorship...will assume Mike is on point for what we can and can't say...talk to you at 5PM...
Tim

Kitzhaber Terminating Contract with Oracle

Extends Period to Allow Oregonians to Gain Health Care Coverage

Governor Kitzhaber today announced the State of Oregon is ending its relationship with Oracle and will be moving forward to build a functional health insurance exchange using other means. The state will withhold \$25 million Oracle has billed Cover Oregon without delivering a fully functioning website that allows the general public to enroll in health care coverage.

"I am not willing to allow ongoing delays, confusion and uncertainty to undermine our efforts to get Oregonians the health care coverage they need and deserve," Governor Kitzhaber said. "While I'm bitterly disappointed in the technology performance to date, I'm pleased we are able to move forward and consider a range of options to deliver on our promise to Oregonians."

Through the rest of the open enrollment period, Oregonians can continue to enroll in health care coverage using the current process with agent and community partners or with a pdf or paper application. Despite ongoing technical problems, more than 2XX,XXX Oregonians have signed up for comprehensive health care coverage since January 1, 2014. The state has reduced its uninsured rate by more than XX, and Oregon ranks XX per capita nationally in enrollments through its exchange.

The state's agreement with Oracle, signed on February 28, protects the current and future enrollees through Cover Oregon. Details of the agreement include:

- The state will withhold \$25 million of the \$70 million Oracle has billed since November 2013. It is being paid for the parts of the system that work, including the agent and partner portal, backend BLAH BLAH...need details
- Oracle will provide X, Y, Z, to ensure there is an orderly transition so that the systems that are currently working are not put at risk.
- The state retains ownership of the system that is being used to enroll Oregonians in coverage and retains all rights of legal remedy against Oracle.

"Oregonians must be able to enroll in quality, affordable health care coverage," said Governor Kitzhaber. "The actions we have taken help protect that. In spite of the fact Oracle has not been able to deliver, we have been able to enroll more than 2XX,000 Oregonians in coverage. We have gone as far as we can with Oracle."

The Governor also announced that Oregonians will have an additional month to enroll in coverage for 2014 and avoid federal penalties. The state will be creating a special enrollment period in April to allow people to enroll in coverage and receive any tax credits they qualify for. This adds an extra month to the open enrollment period that was scheduled to end March 31.

Additionally, last week the federal government responded to the request of Oregon and other states to allow people who were not able to access tax credits through the state exchanges because of technical issues. The tax credits will be available retroactively to people who X, Y, Z.

The state's options going forward include building on its existing investment by incorporating technology from other states, the federal exchange or working with another vendor to complete a functioning website with the reliability and performance necessary to enroll Oregonians end to end.

Governor Kitzhaber has commissioned an independent review of issues surrounding Cover Oregon's troubled roll-out. The final report is expected later this month. He also indicated he would sign legislation headed to his desk to increase oversight and accountability at Cover Oregon....etc. etc.

From: Kevin Looper [LOOPER CONSULTANT EMAIL]
Subject: Re: Draft not final but getting closer
Date: March 3, 2014 at 8:14 AM
To: Mark Wiener
Cc: TimS360 [RAPHAEL PERSONAL EMAIL]

Yes, but the lawyers will never let us say that.

k.

On Mar 3, 2014, at 8:02 AM, Mark Wiener wrote:

I believe I did with my last statement.

Mark Wiener

On Mar 3, 2014, at 6:26 AM, TimS360 [RAPHAEL PERSONAL EMAIL] wrote:

No way to message that...

On Mar 2, 2014, at 9:37 PM, Mark Wiener wrote:

OK, I just noticed this:

Also note, this is a 60-day truce but either party may terminate early, which would mean the truce would end ten calendar days after written notice of termination. That is part of the reason that we are being counseled to speak with care and nuance. Again, it is not my preference but at this point none of us prefer to give Oracle a reason to blow up this temporary deal, especially after they have their \$\$.

We must be the worst negotiators in the history of negotiation.

<image001.gif>

From: Nkenge [mailto: [HARMON JOHNSON CONSULTANT EMAIL]]
Sent: Sunday, March 02, 2014 8:40 PM
To: Mark Wiener; Tim Raphael
Cc: [WENTZ PERSONAL EMAIL]; Kevin Looper; Mike Bonetto; Dmitri Palmateer
Subject: Re: Draft not final but getting closer

In response to your questions:

- We are strongly advised not to say, "Oracle cannot produce fully functioning website..."
- I will continue to work to remove "current". Note that "ending the **current** relationship" was added, in part, b/c Bruce and others want flexibility to retain Oracle as a systems integrator if the technology review determines that it the best choice moving forward, however unbelievable the choice may seem at this point.
- The correct #s are \$25 million withheld of \$69 million that Oracle claims. ("Claims" not necessarily "billed" at this point.) We are paying the remaining \$44 million.
- Also note, this is a 60-day truce but either party may terminate early, which would mean the truce would end ten calendar days after written notice of termination. That is part of the reason that we are being counseled to speak with care and nuance. Again, it is not my preference but at this point none of us prefer to give Oracle a reason to blow up this temporary deal, especially after they have their \$\$.
- Given what we're facing, I advise a paper statement rather than live event. No one will be able to stand up and answer all of the possible questions on the fly, not even our attorneys.

Some edits below in blue.

Kitzhaber Announces **Plan** to End Relationship with Oracle

Seeks One-Month Extension to Allow More Oregonians to Enroll in Health Care

Coverage

Governor Kitzhaber today announced a plan for Cover Oregon to end its current relationship with its primary website vendor, Oracle, at the conclusion of open enrollment season. After a transition period, Cover Oregon will move forward to build the final phases of the health insurance exchange using other means.

Since the original launch date, October 1, 2013, Cover Oregon had continued to work with Oracle to complete work that would provide a fully-functional website. Despite ongoing technical problems, Cover Oregon has enrolled more than 120,000 people in health care coverage. Cover Oregon is withholding \$26 million that Oracle claims is due for work that has still not produced a fully functional website through which the general public can enroll in a health plan.

“We have come as far as we can with Oracle. It has become increasingly clear that we are not going to have the public portion of the website operational for the current enrollment period. I am not willing to allow ongoing delays, confusion and uncertainty to undermine our efforts to get Oregonians the health care coverage they need and deserve,” Governor Kitzhaber said. “While I am bitterly disappointed in the technology’s performance to date, I am pleased that each day Oregonians continue to enroll in coverage. Now we are able to move forward and consider a range of options to deliver on the full promise of Cover Oregon.”

Through the remainder of the open enrollment period, Oregonians may enroll in health care coverage using the current process through agents and community partners, or with an online or paper application.

Governor Kitzhaber said, “I have also asked the federal government for an additional month for Oregonians to enroll in coverage for 2014 and avoid federal penalties.” If approved, the State would create a special enrollment period in April to allow Oregonians to enroll in insurance coverage and receive any tax credits for which they qualify. This would add a month to the open enrollment period that is scheduled to end March 31.

“Just as we worked to gain the extension of tax credits for those who purchased health insurance outside of the exchange, we are working hard to extend the open enrollment period. My goal is to enroll every Oregonian who is looking for health insurance coverage through Cover Oregon,” said Governor Kitzhaber.

Last week the federal government granted the request of Oregon and other states to allow people who purchased insurance plans outside of the state exchanges to receive retroactive tax credits denied them due to enrollment websites that were incomplete.

Cover Oregon and Oracle on Friday signed an agreement that protects the current and future enrollees and outlines an orderly transition of the technology vendor’s services to the exchange. Details of the agreement include:

- Cover Oregon will withhold \$25 million of the \$69 million Oracle has claimed for technology development work since September 2013 through February 28, 2013.
- Over the next month, Oracle will provide transition services, maintenance, and repairs of the existing technology infrastructure. For this work Cover Oregon will pay Oracle \$3.9 million.
- Oracle will not use the disputed amount as a reason to stop providing services during open enrollment season.
- Cover Oregon reserves all legal claims, and has explicitly maintained the right to challenge the present payment, and any prior payments made to Oracle.

“In spite of the fact that the public portion of the website has not been completed, through the fast-track process and Cover Oregon, we have been able to enroll more than 250,000 Oregonians in quality, affordable health care coverage. We will do everything possible to ensure that we continue to enroll Oregonians through the current process,” said Governor Kitzhaber. “The actions we have taken help protect our ability to do so.”

To help determine the next steps after the present open enrollment season, Cover Oregon is convening a group of public- and private sector technology experts after this open enrollment period. The group will review options that include:

- Retaining the currently technology that is working and contracting with a different developer for the next phases;
- Building on the existing investment and incorporating technology from other states or the federal exchange;
- Working with another vendor to complete a functioning website with the reliability and performance necessary to enroll Oregonians end-to-end.

Governor Kitzhaber has commissioned an independent review of issues surrounding the troubled roll-out of the Cover Oregon website. The final report is expected later this month. He also indicated he would sign legislation headed to his desk to increase oversight and accountability at Cover Oregon, and for the state’s future information technology projects.

###

From: Mark Wiener
 To: Tim Raphael; Nkenge
 Cc: Kevin Looper; Mike Bonetto
 Sent: Sunday, March 2, 2014 8:09 PM

Subject: RE: Draft not final but getting closer

Ys, kill "orderly."

-----Original Message-----

From: Tim Raphael **RAPHAEL PERSONAL EMAIL**

Sent: Sunday, March 02, 2014 8:07 PM

To: Nkenge **WENTZ PERSONAL EMAIL**

Cc: **WENTZ PERSONAL EMAIL**; Mark Wiener; Kevin Looper; Mike Bonetto; Dmitri Palmateer

Subject: Re: Draft not final but getting closer

Don't like "orderly" in headline or "After an orderly transition period"

Tim Raphael

[REDACTED]

> On Mar 2, 2014, at 7:53 PM, Nkenge **HARMON JOHNSON CONSULTANT EMAIL** > wrote:

>

> After an orderly transition period

[REDACTED]

Winning Mark

[Website](#) | [Twitter](#) | [Instagram](#)

Winning Mark

[Website](#) | [Twitter](#) | [Instagram](#)

From: Lawson Carolyn
Sent: Saturday, August 18, 2012 8:13 PM
To: Humphreys Tracey J
Subject: RE: Cognosante Press Release....

No more working? Isn't that the pot calling the kettle black?? :-)

Thanks for looping around with Cognosante. There is a lot of money to be made if someone can say they are Oregon's system integrator. In the circles I run in, the vendors are placing bets we will fail or we will have to bring in an SI.

Cognosante has not been too far removed from those conversations. Many states are wanting anything that Oregon is doing. Millions of dollars are literally at stake. I do not want ANYONE depicting themselves as the Systems Integrator other than the state of Oregon. Rumors are flying that we are on the edge of failure because we are trying to do it ourselves. That is in part why Oracle is stepping up so much. They really want this to work and us to succeed.

BTW, I miss those candid conversations too.

Have a good weekend.

Carolyn Lawson
Chief Information Officer
Oregon Health Authority and
Oregon Department of Human Services

Executive Assistant:
Jane Malecky-Scott

From: Humphreys Tracey J [REDACTED]
Sent: Saturday, August 18, 2012 7:46 PM
To: Lawson Carolyn
Subject: Re: Cognosante Press Release....

Hey you! Yesterday was a furlough day ...(and my anniversary) ... Which means no work! I have been under the weather this week so catching up on emails now

Yes it is a bit boisterous ... I don't think they meant any malice but it is misleading ... They are not the SI , they are the vendor responsible for the external interface development... I still think they were a good choice, if anything they will be waiting on us to provide requirements (sound familiar).

I will get them to re-write this and will proof it ... (sorry I didn't proof it as I was out ill wednesday)

I wish we could see each other...need one of our candid check ins ...

Enjoy your weekend ... No more working...

Tracey

Tracey Humphreys
Oregon Health Authority
Office of Information Systems
Manager of Federal & State Collaboration and Reuse

On Aug 17, 2012, at 7:02 AM, "Lawson Carolyn" [REDACTED] wrote:

It goes through me first and I do not approve.

They are not the lead SI, the state of Oregon is. They are not lead anything really, their role is small relative to the scope of HIX and or Modernization. It also appears to me that the experience they listed not the experience of the consulting firm, but rather experience of individuals prior to joining the firm (I could be wrong but that is what it looks like to me). My view is there are some significant discrepancies in the facts as they have chosen to present them.

This whole thing give me reason for great pause. If they are willing to stretch the truth so far publicly in a press release, can we trust them as working partners? I am starting to feel like we may have made the wrong choice.

Carolyn Lawson
Chief Information Officer
Oregon Health Authority and
Oregon Department of Human Services

Executive Assistant:
Jane Malecky-Scott

On Aug 16, 2012, at 11:09 AM, "Humphreys Tracey J" [REDACTED] wrote:

Do you know whom would approve a press release?

From: Humphreys Tracey J
Sent: Wednesday, August 15, 2012 8:51 PM
To: Cordle Rosilyn A
Subject: Fwd: Cognosante Press Release....

Hi Rosie,

Do you know who could approve a press release for Cognosante - they are our new interface vendor for MAX.

See attached.

Tracey Humphreys
Oregon Health Authority
Office of Information Systems
Manager of Federal & State Collaboration and Reuse

Begin forwarded message:

From: "KLIMOWICZ Ed"

To: "Humphreys Tracey J"

Cc: "Mcintyre Nancy A"

Subject: FW: Cognosante Press Release...

Tracey,

Please forward to the appropriate person or group. Maybe, Nancy should be the initial contact in OIS.

Ed

From: David Rudolph

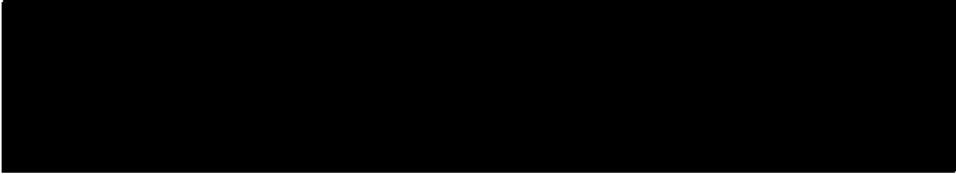
Sent: Wednesday, August 15, 2012 2:58 PM

Subject: Cognosante Press Release...

Ed:

Attached is a draft of our press release for our OR HIX contract. Would you mind sending this over to Carolyn Lawson to get her approval? Frankly I am not sure she would recognize my name.

Thanks,
Dave Rudolph
Cognosante Program Director



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Centers for Medicare & Medicaid Services



**Centers for Medicare & Medicaid Services
Office of Information Services
Consumer Information and
Insurance Systems Group**

**Technical Assistance Report For:
Oregon Health Insurance Marketplace**



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Version 1.0

February 27, 2014

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1. Introduction

1.1 Background

To implement the provisions of the Patient Protection and Affordable Care Act (PPACA), the state of Oregon is creating the Oregon Health Exchange, a new State-based Marketplace. The Oregon Health Marketplace is independently operated by Cover Oregon (CO) and is to act as the common front door that citizens use to gain access to affordable health insurance and Medicaid based on Modified Adjusted Gross Income (MAGI). The Oregon Health Authority (OHA) administers the State's Medicaid Program. To implement the information technology (IT) system that supports the Marketplace, Oregon was awarded an Early Innovator Grant from the Centers for Medicare and Medicaid Services (CMS). Oregon chose to act as its own system integrator and partnered with Oracle to develop their solution in June 2011.

1.2 ACA Implementation in Oregon

ACA requires that States implementing a Marketplace first determine eligibility for Medicaid or CHIP based on current Modified Adjusted Gross Income (MAGI). If the applicant is ineligible for Medicaid or CHIP, the State must then determine eligibility for subsidized coverage (also known as an Advance Premium Tax Credit – APTC) before offering unsubsidized coverage through a process that allows the applicant to compare plans and select the one they prefer.

CO has chosen to build a single web-based portal that will make eligibility determinations and allow citizens to shop for plans. Applicants considered eligible for Medicaid or CHIP are enrolled through Oregon's Medicaid Management Information Systems (MMIS). Applicants eligible for subsidized coverage and those who want to purchase unsubsidized plans are enrolled in plans through the Health Insurance Marketplace.

In addition to determining program eligibility and supporting enrollment, the Marketplace offers key functions such as plan management, financial management, Small Business Health Options Program (SHOP), customer service, and outreach and reporting.

1.3 CO HIX Implementation Issues

Oregon's Marketplace solution consists of a suite of mostly Oracle, commercial off-the-shelf software. Throughout the project, there have been challenges in that Oregon has continued to be behind schedule with the delivery of artifacts, demonstrating key functionality and meeting CMS testing timelines.

Prior to October 1, 2013, CO, realizing that full functionality would not be ready, started focusing on implementing a Day 1 contingency plan which consisted of full functionality via an "internal portal" for community partners and agents. Through a public facing external website

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individuals can complete anonymous browsing of plans and locate a community partner/agent for further assistance. Individuals contact the community partner/agent and the community partner/agent completes the application with the individual, via the internal portal. However, throughout the month of October, the internal portal available to community partners/agents suffered issues as well and eventually the functionality was scaled back so that only paper applications were accepted and routed to customer service representatives (CSR) to enter application data into the back office Siebel system. Additional functionality to determine eligibility was launched in early November for the internal portal only. Because of the huge manual processes, additional CSR staff was brought in to support the manual processes. Also, the Oregon Health Authority (OHA) provided staff to assist with this process.

CO has set target dates for a full launch in October, November, December, and January, but has missed these dates due to unresolved critical defects, performance issues in the various environments and incomplete deliverables such as additional infrastructure environments, performance tuning and performance testing results.

1.4 Scope of Work

CMS has requested IT and systems engineering assistance from its partnership with The MITRE Corporation through the CMS Alliance to Modernize Healthcare (CAMH) Federally Funded Research and Development Center (FFRDC). MITRE has had substantive knowledge and understanding of the CO's systems development life cycle. Additionally, MITRE has also provided technical guidance and assistance through its engagement with CO in supporting and assessing various stages of development through gate reviews.

The goal for the FRRDC technical assistance effort was for MITRE to provide technical expertise and advice to CO regarding the technical design and development work being performed by CO's systems developer, Oracle.

This work consisted of the following activities:

1. Review of known technical defects, issues and weaknesses within the implemented solution stack.
2. Evaluate existing technical artifacts specifically focused on the use of Oracle OPA, Web Center and Siebel. Artifacts to be reviewed included the Marketplace System Design Document, ICDs, Database Design documents, and any relevant detailed design documents.
3. Collaborate with both CO, and the development team to understand the context in which design decisions are being made, and the constraints of their Marketplace solution.
4. Make recommendations (based on analysis) to CO regarding approaches to resolving technical problems and risks related to the design.

1.5 Purpose of This Document

This document provides the findings and recommendations from the CMS State Engagement (SE) Team's review and assessment of the CO HIX System. The SE team consisted of representation from CCHIO, OIS and MITRE. This document contains the approach used for capturing observations based on inputs from the CO stakeholders and provides suggested actions to CO on how to improve specific areas of the system engineering solution.

CO remains responsible for the disposition of recommendations herein - IT direction, decisions and funding - in working collaboration with CMS.

1.6 Approach

The CMS SE Team executed a methodology utilized with other states who have recently requested detailed technical assistance. This methodology is based on a series of workshops and interviews designed to facilitate the collection of information from specific stakeholders in the targeted topic areas. The CMS SE team captured observations during meetings which occurred January 13 – 16, 2014. The CMS SE team collaborated with CO to compose an agenda for the four-day technical assistance (TA) series of sessions and demonstrations around the topic areas specified by CMS/MITRE. The following core topics in the agenda were:

- IV&V Observations and IV&V Tool Demonstration
- Infrastructure
- Change Management/Configuration Management/Environment Management
- Testing Methodology
- Software Development Methodology
- Release Planning and Management
- Daily Scrum Meetings (Eligibility & Enrollment and Plan Selection)
- Performance Test Report Review
- Architecture Review
- System Demonstration
- Disaster Recovery and Continuity of Operations Plan (COOP)

The CMS SE team participated in various types of engagement with CO:

- Workshop style sessions with Subject Matter Experts (SME)
- 1:1 meetings with specific individuals as needed (usually as a result of specific items being identified in the workshop sessions)
- Attending standing CO project meetings

During the engagement sessions, the CMS SE team had the flexibility to probe and to conduct in-depth conversations with the participants.

Each session was conducted in an open and collaborative atmosphere. The non-CMS SE participants were technical individuals from the CO IV&V team, various representatives from Oracle Consulting Services (OCS), CO independent contractors, and CO management. The meeting participants were encouraged to be forthright and forthcoming. The main focus of each meeting was on collecting and verifying information and not on casting blame for the current state of Oregon's Marketplace solution. Participants demonstrated significant commitment, respect, and recognition related to the fluid nature of the session agendas and support for the ad hoc discussions that evolved.

2. Concerns Identified Prior to the Assessment

During initial level-setting discussions prior to the assessment, the CMS SE Team expressed several concerns. Broadly speaking, these concerns involved the stability of CO's solution, system performance, changes of projected dates for delivering full functionality, and overall management of the project. The following subsections present a brief list of composite topics identified by the CMS SE Team.

2.1 Project Management

- There are limited resources dedicated to the Project Management Office (PMO) functions. The primary focus is on the IT build and little attention is given to other areas such as communication and training which is essential when implementing a system of this scope. Other key roles and responsibilities found in a traditional PMO appear to be lacking.
- The schedule is deficient in that it lacks high-level and/or low-level details highlighting overall project activities other than IT.
- There is no detailed implementation plan for each release.
- There is a lack of transparency in the CO's project management. The delivery of outstanding artifacts to CMS is and has not been a CO priority.

2.2 Contract Management

- There have been challenges with CO being able to hold Oracle accountable for needed deliverables by key dates.
- There is no visibility by CO into OCS' activities. Therefore, there is a substantial dependency on OCS for almost everything that is time sensitive (e.g. schedule, fixes, releases, etc.).
- There are collaboration and communication issues between CO and the OCS.

2.3 Software Management

- CO uses JIRA, an Atlassian issue tracking product, to capture, track and report on all defects and change requests which appears to meet the needs of Cover Oregon. However, there are concerns with Cover Oregon's overall processes for managing defects and change requests due to the reoccurrence of previously corrected defects in higher level environments. There is no sign of a robust release management process. Each migration of code to a new environment is often followed with downtime due to release issues.
- Configuration management is difficult and complex as Siebel has no code branching (revision control) capabilities. If there are any problems with a build installation, the system cannot be restored to the previous state in an efficient manner for Siebel.

2.4 System Environments

- The CO solution stack is comprised of almost every single component/product in the Oracle product portfolio. While there are other State Based Marketplaces utilizing elements of the Oracle product portfolio, CO has, without doubt, the most complex mix. As such, there are myriad Oracle technical resources required to maintain and support the system.
- With respect to system performance, load, sustainability and functional (end to end) testing, OCS, to date, has not provided CO with a comprehensive suite of test results/reports.
- With respect to the CO production environment, OMCS has provided very little insight into their disaster recovery and continuity of operations test plan. To date, OCS has not provided any corresponding results from DR testing.
- The system environments are not stable and are affecting testing, development and activities.
- There is no true development or true test integration environments for developers and testers to properly test their code and test cases respectively. This creates an issue with untested code being introduced into the production environment; without first being migrated through the UDEV/FTS/Pre-Prod environments.

3. Findings

This section contains the basic findings from the CMS SE Team technical assistance review of January 13 – 16, 2014. Observation details used to support the findings listed in this section are found in appendix A. At the time of this review, the CMS SE Team learned that CO had implemented and improved some key processes within the past three months and that they were targeting to implement Release 1.1 by February 1, 2014. Even with the improvements implemented over the past three months, these findings still remain. The following sections summarize the key areas:

3.1 Project Management

3.1.1 Project Management Team

CO has staffed an IT project management team, but there is no overarching dedicated Project Manager who should be responsible for overseeing the project to drive overall project activities and keep everyone on track with targeted deliverables. Without a dedicated Project Manager in place, while the IT PM team is able to produce a very high level schedule of key targeted dates for the system, there is no integrated project schedule (or master project schedule) with key dependencies and milestones (consisting of critical IT and non-IT milestones) of all of the teams and stakeholders needed to roll out a release. Also, without a dedicated Project Manager, there is no obvious person within the organization responsible to ensure that all OCS deliverables and activities are performed according to the contract terms (further detailed in section 3.2). Without a dedicated Project Manager there is little, or no, ability to escalate schedule and scope deviations of development, testing, releases, etc. to the CO leadership team.

3.1.2 Project Management Tools

Daily technical sync meetings occur between CO and OCS to go over the status of key areas such as critical JIRA cases, system environment configuration updates, and testing. CO uses standard Microsoft Office tools such as PowerPoint, and Excel to track action items and/or issues. However, CO is not employing Microsoft Project (or any other mainstream project management tool) in order to track schedule, etc. As such, the overall project tracking process is cumbersome and difficult for data analysis or to trace any history of updates.

3.2 Contract/Vendor Management

There is no evidence that CO has established good contract administration processes, or that OCS' activities are being closely monitored to make sure that they are fulfilling the requirements of the contract. This, in conjunction with the findings in section 3.1.1, speaks to a significant portion of the root cause for the delay in the CO solution.

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CO has limited visibility into OCS' activities and it appears that there is not a clear understanding between Cover Oregon and OCS as to what the expected deliverables are. An example of this is the misunderstanding on the performance testing task. CO was expecting performance testing results and OCS was working on a performance tuning report.

There is a substantial dependency on OCS for time sensitive deliverables (e.g. schedule, fixes, releases, etc.). However, it appears that CO does not have any leverage in their contract to make OCS accountable for missing key deliverables.

There is a prominent presence of OCS staff onsite. Moreover, there is a significant number of OCS developers dedicated to each of the functional areas of the overall development effort. It is suggested that there may be a lack of appropriate skillset involved in the makeup of the development teams (a possible example of throwing bodies rather than skillset at a problem).

With this significant footprint of onsite developers, the related expenses associated with accommodating onsite gives rise to the increase in the projected burn rate, it is suggested that this approach may not be cost effective as this will impact the availability of funding to complete development of additional functionality needed for the open enrollment period in 2015.

3.3 System Environments

During the on-site visit, it was noted that CO recognized that a number of testing and subsequent production issues have been born out of inconsistent configuration management across the various system environments. CO had initiated an effort to synchronize the configuration content of the test, performance and pre-prod environments. A subsequent effort would also synchronize the production environment configuration. However, there is still a need for additional environments: true development and true integration test. Not having these separate environments affects the developers and testers abilities to conduct thorough and consistent testing across the suite of environments.

During interviews with CO staff, it was stated by the senior CO contractors that the production system experiences memory and performance issues at least once a day which affects the productivity of users. The fix for this problem is to reboot the system which further interrupts the availability of the system. Ideally, the system environment should be up 24/7 with periodic scheduled maintenance windows.

There is a lack of communication regarding system availability which has a negative effect on testers' ability to test cleanly and efficiently with respect to knowing when the system is available to them for testing purposes. There was no evidence that OCS has provided a copy of any variance reports which will help testers to identify the changes in a release that need to be tested. CO testers have requested these reports, but as of the writing of this report, have not received them.

During the review, a demonstration of system functionality was provided. During the demonstration, there were noticeable delays in the calls to the Federal Data Hub Services and the navigation through Plan Selection.

3.4 Software Management

The tracking of configuration management history is an industry standard and best practice with respect to monitoring and tracking changes of a system. It is not known whether or not OCS is following these standards. However, CO does not have visibility into the configuration management history of their system environments. While OCS does utilize SVN for code management, there is no formal tool in place for system build configuration management. Without this insight into the environments, CO faces challenges in being able to manage their own system and/or bringing other vendors on board if a future decision to terminate the OCS contract is made.

The functional team leads (the “mini project managers” from each of the OCS developments teams) daily agile scrum meetings were initiated in mid-October, 2013 and were continuing to take place during the on-site visit. The scrum meetings consist of a review of open JIRA cases with the OCS developers and the business analysts/testers. The scrum meetings have helped CO’s ability to communicate with the developers, but CO could benefit from having a trained scrum master familiar with true agile scrum processes.

CO is facing challenges with any release that includes Siebel changes. Siebel has no code branching (revision control) capabilities. If there are any problems with a build installation, the system cannot be restored to the previous state in an efficient manner. Rather, the Siebel environment has to be re-built and deployed to the previous version which, in its own right, has not been seen to operate in a consistent manner.

As reported by CO, the OCS staff is using a software version control tool, Subversion (SVN), to analyze changes in the various software versions. However, CO does not have available to them the analysis report nor access to the tool to create its own change analysis reports. While CO has requested these reports from OCS, they have not been produced. This issue speaks to further concerns around contract and vendor management (section 3.2).

With the provision of an on-site release manager, CO has been able to get visibility into the OCS release management plan. The release manager gains knowledge of all of the JIRA case updates and system configuration activities via the daily tech sync meetings. Also, there is evidence that OCS is sharing the release notes with CO. This is unquestionably a positive action.

3.5 Testing

The testing team has a standard set of 23 scenarios used for regression testing. These test scenarios do not appear to be sufficient to adequately conduct regression testing for the Marketplace system.

There is no evidence that formal processes such as the writing of test cases and/or scripts and mapping these test cases to use cases and requirements are being followed. This was evident from the demonstration of how JIRA cases are recorded with no references to use cases or requirements.

3.6 Additional Items

The following additional issues are also of note:

Dependency on OCS resources – there is a significant dependency on OCS’ staff members; many of whom do not have extensive knowledge and experience in a formal software development life cycle. The lack of any formal SDLC has had a significant contribution to the root cause of the delay in the delivery of the CO solution.

Onsite technical resources – CO has two technical contractors (contracted by CO directly) onsite who are knowledgeable in Oracle and Siebel products. However, CO faces challenges with recruiting geographically local experienced IT staff.

Funding Issues – In missing the October 1, 2013 full launch, CO is burning their funding rapidly with the addition of staff hired to assist with the manual processes and has not planned anything beyond the full individual launch Release 1.1. CO communicated that funding additional tasks (e.g. a re-architecture effort) will be financially challenging for the state; however, CMS is committed to working with States to ensure that individuals get health insurance coverage which may include additional funding for IT development.

4. Suggested Actions for Consideration

From interviews with the CO team, improvements in various areas around system development practices and infrastructure environment configuration management for the Oregon Health Insurance Marketplace have been made since the ORR (September 12 & 13, 2013). Oracle has made progress in several systems engineering areas as evidenced by recent releases being delivered on time, and a stabilization of the system which has allowed CO to provide successful demonstrations of full functionality to stakeholders. However, there are still significant performance issues with the system such that, while the core functionality exists, the end user experience would be significantly diminished. Engaging in these improvements, while clearly showing progress, were not begun soon enough in the overall program timeline.

Based on the observations from the week of engagement, and based on prior knowledge of the CO program, the CMS SE Team suggests CO consider the following actions to address the known issues with the CO Marketplace solution and to aid in being able to move forward with a full launch of functionality and to respond to required changes in the system to support the mandates of the PPACA program. If CO is interested in implementing any of the suggestions herein - IT direction, decisions and funding – CMS is poised to provide technical assistance as necessary to effectuate the change.

4.1 Configuration Management

- *Create an environment product map*
As part of the environment sync effort, CO should ensure that OCS provides and maintains an environment product map for each discrete environment. It is highly recommended, and consistent with industry best practices, to track the product versions installed in each environment.
- *Transfer configuration management responsibility*
CO should consider taking ownership from OCS of the overall configuration management process and execution. This will give CO a better perception and comprehension of what is configured and will assist in more accurate program timeline estimates.
- *Request configuration report of system environments*
CO should request from Oracle, configuration reports for each of the system environments. This information is crucial for CO to troubleshoot environmental issues especially in the production environment which cannot afford to have unplanned system downtime.

4.2 Change Management

- *Analyze data and utilize it to isolate problem areas*
CO should acquire and/or develop additional data analysis reports on various aspects of the system and understand their subsequent usage. JIRA is one source of information that can be

utilized to identify problem areas. By utilizing the available information in JIRA, problem areas can be better isolated. IT releases can be prioritized, and resources can be enhanced.

- *Conduct a detailed analysis into the existing OCS change management process*
CO should perform a detailed analysis of the current OCS change management process and determine the steps necessary to institute a single, streamlined process to improve the control and management of the overall change management function.
- *Transparency into the OCS SVN environment*
OCS should provide CO access to the SVN environment. At a minimum, OCS should provide CO with detailed reports specific to code management.

4.3 Release Management

- *Continue to improve the release management process*
CO should be more involved in Oracle's release management process. This is especially important when OCS revises the process to align with CO's expectations.
- *Add a step to the release management process to create a rollback plan*
As mentioned in section 2.3, the OCS code versioning does not allow for branching and as a result some unwanted code elements are included in certain software builds. Therefore, it is suggested that OCS provides a rollback plan for every release so the system can be restored to the previous state in an efficient manner.
- *Take control of direct process execution*
It is suggested that if CO were directing the process execution, inconsistent migrations of code updates can be minimized (e.g. moving from FTS into Prod without first going through Pre-Prod).

4.4 Testing

The recommendations in this section are for both the IV&V testing and integration testing teams.

- *Improve inter-team testing information sharing*
As part of the overall development and testing methodology, CO should institute the ability for the test teams to gain access to the developer unit test results. This may reside within the data in the JIRA environment.
- *Communicate timelines and availability of environments that affect testing*
The CO testing teams would be more effective if they were fully informed of system availability and build deployment schedules. Information about environment availability and timelines for testing should be shared between the infrastructure and testing teams.
- *Request that OCS share specific information with the IV&V contractor*
To enable accurate IV&V assessments, CO should request that OCS share variance and other reports with the IV&V contractor on a regular basis.

4.5 Performance and Load Testing

- *Develop a performance testing strategy*
CO should immediately work with Oracle on a performance testing strategy. This should include the short-term goal of assessing the break point (in terms of concurrent users) of the solution. CO should initiate discussions with Oracle on performance testing and identify options/recommendations for improvement. CO should review the current contract with Oracle to make sure that there is a clear understanding of what is expected for the various deliverables from Oracle.
- *Enable Oracle and the CO IV&V team to collaborate and cooperate on testing*
CO leadership should open discussions with the CO IV&V team and Oracle to jointly execute the required load and performance tests.

4.6 Disaster Recovery and Continuity of Operations Plan (COOP)

- *Obtain failover test results and establish a failover test schedule*
CO should obtain from OMCS the results from the failover test performed in September 2013. In accordance with the OMCS contract, CO should require OMCS to establish a failover test schedule and plan with the first test occurring within the first two weeks after full production operation is implemented.

4.7 Architecture

- *Optimize system architecture*
Based on the team's observations, the CO architecture and data model deserve significant review and re-work. CO should perform an in-depth analysis of the current architecture to identify opportunities for reducing complexity. After this is completed, CO should endeavor to simplify and streamline the architecture by reducing the Oracle product footprint, reducing the number of integration points, and simplifying the overall structure and deployment without inhibiting the overall functionality of the system.
- *Transition and ownership of the system architecture from OCS*
CO should transition control and ownership of the system architecture away from OCS. This will allow CO to more easily consider alternative solutions and mitigate resource turnover. This could be achieved by hiring a system architect or by further engaging the current independent technical contractors (i.e. Tom McIvor, and Garrett Reynolds) currently working with CO.

4.8 Project Management

- *Consider establishing a formal, centralized program management office (PMO) and a dedicated Project Manager*

CO would reap significant benefit from having a formal, centralized PMO to oversee the Exchange program management responsibilities. In addition, establishing an overarching and dedicated project manager (a role not currently in place) who would perform every aspect of project management, e.g., maintaining an integrated program schedule, ensuring artifacts/documentation are up to date, necessary communication/coordination is occurring among program stakeholders, etc. The PMO and project manager would be primarily concerned with ensuring all interdependent tasks can be performed in parallel in order to meet the schedule timelines.
- *Transition of program roles and responsibilities*

Due to the history of issues with OCS' performance and transparency¹, reinforced by observations during the TA workshops, CO should examine other roles and responsibilities held by OCS and consider transitioning some or all of them to CO resources, or other technology partners. CO should take steps to assume overall control of project and development activities from OCS, including the managing of the CO project timeline and its implementation. As with the system architecture responsibilities, CO should develop an internal transition plan for targeted roles and responsibilities held by OCS and begin efforts to identify and acquire development and other resources that report directly to CO.
- *Adopt a project management tool with more functionality to track action items/issues*

As noted in section 3.1.2, CO is using standard Microsoft tools such as PowerPoint and Excel to track action items and issues. CO would benefit from adopting a tool with additional functionality to give them the capability to track history of action items and/or issues.

4.9 Development / Agile Process

- *Engage a formal agile development methodology*

As CO obtains greater control over the development resources and project management, CO should consider embracing an agile methodology in a more formal manner. This could be achieved in part by having one or more resources formally trained as a Scrum Master to plan and facilitate the daily scrum meetings. Subsequently, engaging in formal agile methodology training for others on the CO team would instill more discipline to the overall process and would help mature the home grown processes currently in place.

¹ In addition to issues previously reported by CO, the CMS State Engagement Team has observed this pattern of behavior from OCS on prior Lifecycle Consult engagements with CO. These observations are not included in this Technical Assistance report but are referenced in support of the suggested action.

4.10 Additional Items

In addition to the core areas suggested for consideration, the CMS SE team also suggests the following actions:

- *Modify roles and responsibilities of independent contractors*
Giving more decision authority to independent contractors (i.e. Tom McIvor and Garrett Reynolds), would assist CO in progressing faster in their IT development and solution.
- *Examine the long-term future of the Cover Oregon Marketplace implementation*
CO should examine the long-term future of the Marketplace implementation in terms of cost and the necessary skillsets for overall program management and operations. This will help CO prioritize their list of necessary actions in terms of resource management and improving their system architecture; along with maturing the long-term plan for supporting the system in terms of funding, people, tools, processes, etc.
- *Begin forming a transition plan*
CO has already initiated a transition plan to replace OCS. It is highly recommended to further identify a more appropriate technology partner(s) for specific program roles and responsibilities
- *Share information needed prior to meeting*
CO should impress upon the contractors a behavior of sharing information in a timely manner with the tech sync meeting facilitator/administrator. This will ensure all the latest issues that are blocking progress are discussed in the meeting and obtain commitment for improvement from the right individuals.
- *Establish a single facilitator to lead the daily tech sync meeting*
It was not clear who was the facilitator in the daily tech sync meetings. Due to the dynamic nature of the participants present in the meeting, a formal facilitator is needed to bring control and discipline to the meeting. If the facilitator is in a remote location, a designee who can be physically present in the meeting should be appointed.

Acronyms

CAMH	CMS Alliance to Modernize Healthcare
CCB	Change Control Board
CI	Continuous Integration
CMS	Centers for Medicare & Medicaid Services
CO	Cover Oregon
COOP	Continuity of Operations
DR	Disaster Recovery
FFRDC	Federally Funded Research and Development Center
HHS	Department of Health and Human Services
IT	Information Technology
IV&V	Independent Verification and Validation
OATS	Oracle Application Testing Suite
OCM	Oracle Configuration Management
OCS	Oracle Consulting Services
OEM	Oracle Enterprise Manager
OMCS	Oracle Managed Cloud Services
OPA	Oracle Policy Automation
PMO	Program Management Office
RAC	Real Application Cluster
RPO	Recovery Point Objective
RTO	Recovery Time Objective
SI	System Integrator
SDLC	Software Development Life Cycle
SME	Subject Matter Expert
SOA	Service Oriented Architecture
SVN	Apache Subversion
TA	Technical Assistance

Appendix A. Observations during Assessment

This section contains observations captured during the CMS SE Team technical assistance review conducted on January 13 – 16, 2014. These observations were used to support the findings and suggested actions for consideration listed in sections 3.0 and 4.0 of this document.

Significant transparency issues exist between CO and OCS and it appears to be a contract management issue. Examples of this are:

1. There are instances (e.g., performance testing) where CO has a significant gap in their work expectation from OCS vs. the actual work OCS is performing.
2. OCS did not present any evidence to demonstrate that they are managing the scope of functionality in their releases.
3. When asked to present or report on the progress of various deliverables and activities, OCS indicated to CO that this is not within the scope of their contracts.

CO demonstrated a significant lack of confidence in OCS' performance based on a variety of evidence, i.e.:

- An overall lack of timeliness and quality with regards to solution delivery
- The clear and obvious lack of transparency
- The lack of cooperation with other contractors (e.g. the IV&V contractor)
- The associated financial burdens which have been placed on the program.

A.1 Configuration Management

A.1.1 System Environment

CO conducts weekly operational meetings with Oracle Managed Cloud Services (OMCS) where software and infrastructure configuration management decisions are made regarding the patches and products that will be released into the various environments. CO currently has six system environments that are maintained by OMCS:

- UDEV – Used for development and unit testing.
- FTS - Used for functional, integration and IV&V testing.
- Pre-Prod – This environment is a mirror of the production environment and is used for regression testing of code prior to migrating code to production.
- PERF – Used for performance testing.
- Prod – This is the production environment.
- DR – Used for disaster recovery and is a mirror of Prod.

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Two additional environments are planned for the future: one will serve as a true development environment and the other a true testing environment. Currently, the FTS environment is being shared between the testing teams for functional, integration and IV&V testing. Typically, these environments are separate. As a result, the testers are facing challenges to test their test cases successfully because the various testing activities interfere with each other. The issue could be code or environmental issues where developers promote code changes to the same environment while testing activities are in progress.

In November 2013, CO added a pre-production system environment (Pre-Prod) which mirrors the existing production environment. The utilization of this environment allows CO to perform regression testing prior to migrating code to Production, to minimize the number of unanticipated and unforeseen production issues.

During the onsite visit, the environment configurations (component and product versions) for FTS, PERF and the Pre-Prod environments were not in sync; however, CO communicated plans to sync these environments by January 18, 2014. The production environment would be included in the configuration sync plan by January 27, 2014. (Confirmation on the syncing of these environments was provided on February 3, 2014.)

A.1.2 Software Migration

Prior to September 2013, OCS was in a mode of delivering large code drops into the test environment with little notice or information for the test teams to work with. Once the test teams were able to test, the number of new defects identified was growing faster than the number of defects cleared. This resulted in the number of defects in new or open statuses continuing to rise rather than decline.

Post September 2013, CO/OCS adopted a more iterative methodology such that there was more frequent code migration process from UDEV to the FTS environment. With smaller changes in content and function between drops, this reduced the code cycle time between unit testing and integration testing as fewer defects and configuration changes needed to be addressed.

However, OMCS/OCS does not provide CO sufficient visibility into the configuration history of the various environments. This observation is based on responses given during individual sessions with the senior CO contractors responsible for the engagement with OMCS. There have been instances when code has been pushed from UDEV to the FTS environment without CO's knowledge. CO does not have access to the SVN tool to do delta analysis on the code base. CO and OCS have initiated a joint effort to improve the overall configuration management process.

A.2 Change Management

With JIRA as CO's change management core, CO now has a robust method for defect and change request logging, tracking, assessment, prioritization, and management.

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While the level of data capture is highly detailed, there are still opportunities for extended reporting, specifically around the history of changes at the component and product level. However, CO is not currently analyzing or reporting data/information collected through JIRA to isolate a problem area (e.g. code modules which are frequently subject to “check-out”→”check-in” →”check-out” →”check-in” →etc., across multiple defects and also when defects move from “open”→”closed”→ “open”→”closed”, etc.)

OCS is performing some data analysis but is not providing CO with the results. Such data analysis would help CO identify areas of their system that need more attention and possibly, this information could possibly be used to enhance their resource management as well.

From CO’s demonstration of JIRA, it is clear that they are utilizing the tool astutely to improve their change management processes. However, in the demonstration, there was no mention of JIRA cases being referenced back to requirements or use cases to verify if the requested change to the code is within scope.

CO’s Change Control Board (CCB) meets weekly, at a minimum. It is recommended that there should be joint involvement from both the business stakeholders as well as IT to determine priority of the JIRA cases in order to meet the overall business needs.

CO has no visibility into the OCS change management environment. CO has no details on how OCS is managing their code base. OCS uses a source code version control tool, SVN for its code management, but CO does not have access to the SVN environment or full exposure to the changes being made. If CO had insight into the code management details, they could potentially better identify and understand the root causes for certain code issues. Without this insight, CO is completely dependent on OCS for the explanation of the issues. Moving forward, CO should consider taking control of the system engineering processes and tools.

A.3 Release Management

OCS is in charge of CO’s release management. CO stated that their release management process has improved since they brought a full-time release manager (provided by OCS) on-site to work more closely with the team. The release manager is responsible for scheduling and managing code migrations between the three environments – FTS, Pre-production, and Production.

There are two types of code migration, specifically releases and surgical, from one environment to another. The releases are planned large code migrations whereas surgical code pushes result from urgent JIRA cases related to isolated defects within an existing release. The environments are backed up on a daily basis.

CO’s release process has improved since the introduction of a formal release manager, however the software build process is still at an immature stage. The OCS code management and software build processes do not allow for version branching. As a result, there are frequent

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instances of code elements which in a build which should not have been included. OCS creates release notes for their releases but there was no indication that they create a release rollback plan. Because OCS, rather than CO, has full control of the release management process, CO is frequently in a position to choose between a moving a release to the next step, or following good release management processes.

One of CO's independent contractors (Tom McKiver) conducts weekly product and infrastructure release meetings. Oracle is sharing the release notes for migrations from Pre-prod to Prod and from FTS to Pre-prod. These activities have led to improvements in the release management process.

Despite the improvements in the release management process, the communications to the testing team regarding system availability and what is being deployed in each environment is still inconsistent. The daily tech sync meeting with OCS, IV&V, and the independent contractors, in part, includes discussions around the system environments and code migration plans. These daily meetings provide an opportunity to improve on the communications noted above.

CO is starting to see some improvements in the environment management process as well and, as a result, is seeing less environment related surprises.

A.4 Testing

A.4.1 IV&V and Quality Assurance

CO has a strong and knowledgeable IV&V team. The IV&V team is concerned with the instability of the testing environment and different system environmental configurations. It has been a challenge for them to test in the FTS environment which is configured differently than the pre-production environment. Therefore, some JIRA cases which pass testing in FTS could fail testing in the Pre-prod environment. The IV&V team emphasized the importance of having a separate TEST environment which would be utilized before code migrates to FTS. They reported that OCS testers often do not have enough time to perform robust testing. The current development and integration testing methodology does not allow for the sharing of developers' unit test results with the testing team. This can result in a lack of validation/revalidation of test cases and can cause unnecessary defect tickets.

Another issue reported is that there is a lack of communication on when code is migrated from one environment to another, in terms of what fixes are included in each code push. Repeatedly, the IV&V team has requested a variance report from Oracle. To date, they have not received it.

The IV&V team presented a concept for Continuous Integration (CI) and test automation and has developed a strategy to implement elements of this within the CO environment. The IV&V team also presented their recently developed automation toolset - primarily Selenium, Jenkins and integration with the Oracle Application Testing Suite (OATS). This toolset includes a real-time

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dashboard that has hooks into most layers of the system and has the capability to target performance testing, user interface (UI) testing, custom code testing and web services testing. The tool was developed using open source components and coded in Java. As a result, it is very portable and could be easily shared with other states. The IV&V team is willing to give a demonstration of this tool to other states upon CMS's request. The IV&V team expressed a willingness to collaborate with OCS to develop an overall CI and test capability. The IV&V team stated that OCS has yet to demonstrate a willingness to fully collaborate on this effort.

A.4.2 Functional Testing

CO's integration testing team is well organized and structured. Testers are delegated specific roles and responsibilities across each of the major functional areas. The integration testing team meets daily to discuss the latest testing updates. The integration testing lead uses this opportunity to address any issues that prevent the team from resolving defects.

It appears that CO's integration testing team and the IV&V team are collaborating and cooperating in the testing activities. The integration testing lead attends the daily tech sync meetings. In addition to being able to update the team with what is coming next, the test lead also gains insight into the bigger picture of what other activities and efforts are occurring for an upcoming release.

The integration testing team is facing the same issues with OCS as is the IV&V team (refer to section A.4.1).

A.5 Performance and Load Testing

OCS provided a walkthrough of their performance testing report. The information presented by OCS demonstrated that OCS had been engaged in performance tuning rather than performance testing. CO was expecting to see evidence that the system could handle up to 10,000 concurrent users – a targeted performance requirement. The report did not provide CO with the specific performance metrics needed to plan for any necessary mitigation with respect to user volumes. CO has various hardware/software options (which were discussed during the workshop) to limit/throttle/divert traffic into the system. However, without the specific performance metrics, CO cannot move on a strategy.

During the IV&V's demonstration of their testing tool, they expressed a willingness to collaborate and cooperate with OCS to conduct performance and load testing. They have the required tools and skillsets in place to immediately start work on this testing effort. CO should consider making use of this resource.

A.6 Disaster Recovery and Continuity of Operations (COOP)

OMCS has implemented a full disaster recovery (DR) capability for both the data and the application tiers of the solution. In accordance with best practices, the DR solution is instantiated within a separate data center from the primary infrastructure location. The DR solution is configured to provide a Recovery Time Objective (RTO) of four hours and a Recovery Point Objective (RPO) of one hour.

As part of the OMCS contract, CO is entitled to two failover tests per year. Oracle has stated that they performed a failover test in September 2013; however, CO did not have a report from OMCS documenting the results of the test. OMCS stated that they do not currently have a failover test scheduled which they can share with CO. OMCS plans to resume DR/failover testing after the full public launch. At the writing of this report, the full launch remains unscheduled.

A.7 Architecture

CO demonstrated an awareness of the flaws and complexities present in the system architecture; however, actions need to be taken to remedy the situation. CO and its independent contractors indicated that the data model and other significant portions of the system architecture contain significant design weaknesses which will require major redesign or removal.

CO has a complex technical architecture. The solution is built entirely on Oracle technology components. In addition to using Oracle Enterprise Manager (OEM), CO also purchased a monitoring capability to monitor the Oracle Managed Cloud Service independent of OMCS. Discussions during the workshop reiterated that OCS is lacking in resources with expertise in Oracle Configuration Management (OCM), which has contributed to the delays experienced at the outset of the CO implementation.

One of the primary challenges with the CO solution is the management of the many sessions created by Siebel, Oracle Real Application Clusters (RAC), Service Oriented Architecture (SOA) and Web Center that consume a significant amount of CPU and memory. As a consequence, CO is concerned about the need for repeated rebooting of their system due to system performance issues. During the sessions, CO indicated that the code review conducted by CO in May 2013 revealed a number of issues (e.g. design, data modeling, coding practices, etc.) including wide spread memory leaks in the code base. CO indicated that their long-term strategy to mitigate memory leaks and other low level issues is to perform stringent code reviews. CO plans to conduct another code review in the near future to assess the impacts on the code base from the many surgical code pushes over the past several months. The CO architecture contractor and others on the CO team asserted, based on their independent review, that the CO data model and corresponding physical schema is highly flawed and needs significant attention.

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CO shared a proposed simplified solution of their OPA Interview (CS Web App) architecture to mitigate some of the issues in the application tier. CO stated that they have demonstrated the proof-of-concept to the business stakeholders who are optimistic about the solution. However, the architecture team is projecting approximately two to three months before any action can be taken since CO is focusing solely on the next release and subsequent releases to get the system to function at its optimal level and to meet CMS requirements.

CO does not have its own senior technical resources within the CO direct staff. Independent contractors are very knowledgeable staff extenders of the CO senior technical staff. These individuals have a great deal of responsibility, but do not have decision making authority. CO should consider taking full advantage of these resources as if they were “on staff” and engage them in detailed, authoritative technical discussions with OCS and OMCS.

A.8 Project Management

There is no evidence that CO has a formal, centralized project management office (PMO) function performing the necessary level of oversight and resource control across the full spectrum of the CO project. CO relies heavily on its contractors to complete the majority of the day-to-day task and while various individuals own such things as schedules and release plans, there is no single person identified to manage the overall project.

While CO does have an IT technical project manager with demonstrated ability to manage many of the moving parts, there is a clear need for a full-time dedicated overarching project manager. The benefit of such a person would be the ability to produce a fully integrated overall schedule for tracking progress against milestones. Currently, as stated by CO, such a schedule does not exist.

A.9 Development / Agile Process

Since September 2013, CO has been utilizing a home grown development process which is based upon agile methodologies. There are seven functional areas within the process, referred to as tables, with each table having a dedicated table lead (a mini project manager) and a dedicated business analyst. This process appears to be well orchestrated. Each morning there are daily “scrum” meetings for the different functional areas. While not rigidly adhering to the formal agile scrum format, these meetings serve a valuable purpose in providing a regular opportunity for various parties from a functional area to provide the latest updates on the progress across the outstanding major defects/issues. Information is communicated from the development teams to the other project teams using JIRA. JIRA is a tool used to store defect status and development resolutions/fixes.

From: Mark Wiener [REDACTED]
Subject: RE: Draft not final but getting closer
Date: March 2, 2014 at 8:14:02 PM PST
To: Nkenge [REDACTED] <[REDACTED]@HARMONJOHNSONCONSULTANTEMAIL>, Tim Raphael [REDACTED] <[REDACTED]@RAPHAELPERSONALEMAIL>, WENTZ PERSONAL EMAIL [REDACTED]
Cc: Kevin Looper [REDACTED] <[REDACTED]@LOOPERCONSULTANTEMAIL>, Mike Bonetto [REDACTED] <[REDACTED]@BONETTOPERSONALEMAIL>, Dmitri Palmateer [REDACTED] <[REDACTED]@PALMATEERPERSONALEMAIL>

I cannot imagine a world in which – after all we have been through and their shit-tastic performance – we would want to hire them for anything else. More important, I don't think we can allow the public to think that, as they would rightly term us the chumps of the century. We are continuing to use them to help unwind the current relationship, but indicating we might go back to them outside of that context is (insert descriptive phrase of your choice here).



From: Nkenge [REDACTED] <[REDACTED]@HARMONJOHNSONCONSULTANTEMAIL>
Sent: Sunday, March 02, 2014 8:09 PM
To: Tim Raphael [REDACTED] <[REDACTED]@WENTZPERSONALEMAIL>
Cc: Mark Wiener; Kevin Looper; Mike Bonetto; Dmitri Palmateer
Subject: Re: Draft not final but getting closer

Mark, the reason Gov added "end its **current** relationship" is b/c Cover Oregon may want/need to hire Oracle in the future, as a systems integrator, for example. (I don't love it either.)
-NHJ

From: Nkenge [REDACTED] <[REDACTED]@HARMONJOHNSONCONSULTANTEMAIL>
To: Tim Raphael [REDACTED] <[REDACTED]@RAPHAELPERSONALEMAIL>, WENTZ PERSONAL EMAIL [REDACTED]
Cc: Mark Wiener [REDACTED] <[REDACTED]@BONETTOPERSONALEMAIL>, Kevin Looper [REDACTED] <[REDACTED]@LOOPERCONSULTANTEMAIL>, Mike Bonetto [REDACTED] <[REDACTED]@BONETTOPERSONALEMAIL>, Dmitri Palmateer [REDACTED] <[REDACTED]@PALMATEERPERSONALEMAIL>

Sent: Sunday, March 2, 2014 7:53 PM
Subject: Draft not final but getting closer

All, see below:

Kitzhaber Announces Orderly End to Relationship with Oracle

Seeks One-Month Extension to Allow More Oregonians to Enroll in Health Care Coverage

Governor Kitzhaber today announced an agreement for Cover Oregon to end its current relationship with its primary website vendor, Oracle, at the conclusion of open enrollment season. After an orderly transition period, Cover Oregon will move forward to build the final phases of the health insurance exchange using other means.

Since the original launch date, October 1, 2013, Cover Oregon had continued to work with Oracle to complete work that would provide a fully-functional website. Despite ongoing technical problems, Cover Oregon has enrolled more than 120,000 people in health care coverage.

“We have come as far as we can with Oracle. I am not willing to allow ongoing delays, confusion and uncertainty to undermine our efforts to get Oregonians the health care coverage they need and deserve,” Governor Kitzhaber said. “While I am bitterly disappointed in the technology’s performance to date, I am pleased that each day Oregonians continue to enroll in coverage. Now we are able to move forward and consider a range of options to deliver on the full promise of Cover Oregon.”

Through the remainder of the open enrollment period, Oregonians may enroll in health care coverage using the current process through agents and community partners, or with an online or paper application.

Governor Kitzhaber said, “I have also asked the federal government for an additional month for Oregonians to enroll in coverage for 2014 and avoid federal penalties.” If approved, the State would create a special enrollment period in April to allow Oregonians to enroll in insurance coverage and receive any tax credits for which they qualify. This would add a month to the open enrollment period that is scheduled to end March 31.

“Just as we worked to gain the extension of tax credits for those who purchased health insurance outside of the exchange, we are working hard extend the open enrollment period. My goal is to enroll every Oregonian who is looking for health insurance coverage through Cover Oregon,” said Governor Kitzhaber.

Last week the federal government granted the request of Oregon and other states to allow people who purchased insurance plans outside of the state exchanges to receive retroactive tax credits denied them due to **enrollment websites** that were incomplete.

Cover Oregon and Oracle on Friday signed an agreement that protects the current and future enrollees and outlines an orderly transition of the technology vendor's services to the exchange. Cover Oregon is withholding \$26 million that Oracle claims is due for work that has still not produced a fully functional website through which the general public can enroll in a health plan. Details of the agreement include:

- Cover Oregon will withhold \$25 million of the \$69 million Oracle has claimed for technology development work since September 2013 through February 28, 2013.
- Over the next month, Oracle will provide transition services, maintenance, and repairs of the existing technology infrastructure. For this work Cover Oregon will pay Oracle \$3.9 million.
- Oracle will not use the disputed amount as a reason to stop providing services during open enrollment season.
- Cover Oregon reserves all legal claims, and has explicitly maintained the right to challenge the present payment, and any prior payments made to Oracle.

"In spite of the fact that the public portion of the website has not been completed, through the fast-track process and Cover Oregon, we have been able to enroll more than 250,000 Oregonians in quality, affordable health care coverage. We will do everything possible to ensure that we continue to enroll Oregonians through the current process," said Governor Kitzhaber. "The actions we have taken help protect our ability to do so."

To help determine the next steps to bring on line a fully functional website for the public, Cover Oregon is convening a group of public- and private sector technology experts after this open enrollment period. The group will review options that include:

- Retaining the currently technology that is working and contracting with a different developer for the next phases;
- Building on the existing investment and incorporating technology from other states or the federal exchange;
- Working with another vendor to complete a functioning website with the reliability and performance necessary to enroll Oregonians end-to-end.

Governor Kitzhaber has commissioned an independent review of issues surrounding the troubled roll-out of the Cover Oregon website. The final report is expected later this month. He also indicated he would sign legislation headed to his desk to increase oversight and accountability at Cover Oregon, and for the state's future information technology projects.

###

From: HARMON JOHNSON CONSULTANT EMAIL
To: RAPHAEL PERSONAL EMAIL
Cc: MARK WIENER, LOOPER CONSULTANT EMAIL, BONETTO PERSONAL EMAIL, PALMATEER PERSONAL EMAIL
Sent: Sunday, March 2, 2014 3:59 PM
Subject: Re: Call 4pm Sunday

From: RAPHAEL PERSONAL EMAIL <[REDACTED]@net>
To: WENTZ PERSONAL EMAIL
Cc: MARK WIENER, LOOPER CONSULTANT EMAIL, BONETTO PERSONAL EMAIL, PALMATEER PERSONAL EMAIL, HARMON JOHNSON CONSULTANT EMAIL
Sent: Saturday, March 1, 2014 7:33 PM
Subject: Call 4pm Sunday

Tim Raphael

[REDACTED]
[REDACTED]

On Mar 1, 2014, at 3:19 PM WENTZ PERSONAL EMAIL wrote:

[Few changes.](#)

From: "Mark Wiener"
To: RAPHAEL PERSONAL EMAIL
Cc: LOOPER CONSULTANT EMAIL, BONETTO PERSONAL EMAIL, PALMATEER PERSONAL EMAIL, WENTZ PERSONAL EMAIL, HARMON JOHNSON CONSULTANT EMAIL
Sent: Saturday, March 1, 2014 10:53:34 AM
Subject: Re: draft statement

I assume this agreement will be a public document so it would be great to get a look at it, especially any recitals. Is it subject to any redactions?

Mark Wiener

[REDACTED]

On Mar 1, 2014, at 10:47 AM, TimS360 [REDACTED] **RAPHAEL PERSONAL EMAIL** wrote:

> My first shot at a statement is attached...no pride of authorship...will assume Mike is on point for what we can and can't say...talk to you at 5PM...

> Tim

> <KitzhaberOracleStatment.docx>

--

Winning Mark

[REDACTED]
[REDACTED]
[REDACTED] >

<KitzhaberOracleStatment_2.docx>

Winning Mark

[Website](#) | [Twitter](#) | [Instagram](#)

From: John Kitzhaber <[REDACTED]>
Subject: Re: Attorney Client Communication
Date: March 2, 2014 at 5:18:24 PM PST
To: REEVES Liani * GOV <[REDACTED]>
Cc: HARMON JOHNSON Nkenge * GOV <HARMON JOHNSON STATE EMAIL>, BONETTO Mike * GOV <BONETTO STATE EMAIL>, Tim Raphael <RAPHAEL PERSONAL EMAIL>, Kevin Looper <LOOPER PERSONAL EMAIL>, Mark Wiener <[REDACTED]>, GOLDBERG Bruce <GOLDBERG STATE EMAIL>

This language is intended to mean that we are ending our **current** relationship with Oracle — which does not mean we could not use them as a subcontractor under a system integrator in the future. It also does not spell out when open enrollment ends.

“... an agreement to end the current relationship with Oracle after an orderly transition through the open enrollment period and to complete the final phases for a fully functional health insurance exchange using other means.”

Hope this helps.

JK

From: John Kitzhaber <[REDACTED]>
Date: Sunday, March 2, 2014 at 5:02 PM
To: REEVES Liani * GOV <[REDACTED]>
Cc: HARMON JOHNSON Nkenge * GOV <HARMON JOHNSON STATE EMAIL>, BONETTO Mike * GOV <BONETTO STATE EMAIL>, Tim Raphael <RAPHAEL PERSONAL EMAIL>, Kevin Looper <LOOPER PERSONAL EMAIL>, Mark Wiener <[REDACTED]>, GOLDBERG Bruce <GOLDBERG STATE EMAIL>
Subject: Attorney Client Communication

How is my cut at it for the mix. Also, I think the agreement is between Cover Oregon and Oracle, not the State — and Cover Oregon, not the state, is holding the \$26 million. Is that right"

From: "HARMON JOHNSON Nkenge * GOV" <[REDACTED] HARMON JOHNSON STATE EMAIL >
Subject: RE: Attorney Client Communication [REDACTED]
Date: March 2, 2014 at 5:24:41 PM PST
To: "John Kitzhaber" [REDACTED], "REEVES Liani * GOV" [REDACTED]
Cc: "GOLDBERG Bruce" [REDACTED] GOLDBERG STATE EMAIL >, "Kevin Looper" [REDACTED] LOOPER PERSONAL EMAIL >, "Mark Wiener" [REDACTED] >, "BONETTO Mike * GOV" [REDACTED] BONETTO STATE EMAIL >, "Tim Raphael" [REDACTED] RAPHAEL PERSONAL EMAIL >

All: FYI, Liani is going to take a look at these updates from Gov. Later, she will also review the (nearly) final draft once we get that to her.

Thanks,
NHJ

From: John Kitzhaber [REDACTED]
Sent: Sunday, March 02, 2014 5:18 PM
To: REEVES Liani * GOV
Cc: HARMON JOHNSON Nkenge * GOV; BONETTO Mike * GOV; Tim Raphael; Kevin Looper; Mark Wiener; GOLDBERG Bruce
Subject: Re: Attorney Client Communication

This language is intended to mean that we are ending our **current** relationship with Oracle — which does not mean we could not use them as a subcontractor under a system integrator in the future. It also does not spell out when open enrollment ends.

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Hope this helps.

JK

From: John Kitzhaber [REDACTED]
Date: Sunday, March 2, 2014 at 5:02 PM
To: REEVES Liani * GOV [REDACTED]

Cc: HARMON JOHNSON Nkenge * GOV [REDACTED] HARMON JOHNSON STATE EMAIL >, BONETTO Mike * GOV
[REDACTED] BONETTO STATE EMAIL >, Tim Raphael [REDACTED] RAPHAEL PERSONAL EMAIL >, Kevin Looper
[REDACTED] LOOPER PERSONAL EMAIL >, Mark Wiener [REDACTED] GOLDBERG Bruce
[REDACTED] GOLDBERG STATE EMAIL >
Subject: Attorney Client Communication

How is my cut at it for the mix. Also, I think the agreement is between Cover Oregon and Oracle, not the State — and Cover Oregon, not the state, is holding the \$26 million. Is that right"

From: Mark Wiener <[REDACTED]>
Subject: RE: Attorney Client Communication
Date: March 2, 2014 at 7:55:14 PM PST
To: John Kitzhaber <[REDACTED]>, "REEVES Liani * GOV"
<[REDACTED]>
Cc: "HARMON JOHNSON Nkenge * GOV" <[REDACTED]>, "HARMON JOHNSON STATE EMAIL" <[REDACTED]>, "BONETTO Mike * GOV" <[REDACTED]>, "BONETTO STATE EMAIL" <[REDACTED]>, Tim Raphael <[REDACTED]>, RAPHAEL PERSONAL EMAIL <[REDACTED]>, Kevin Looper <[REDACTED]>, LOOPER PERSONAL EMAIL <[REDACTED]>, GOLDBERG Bruce <[REDACTED]>, GOLDBERG STATE EMAIL <[REDACTED]>

My concern is that "current" just makes it sound like we are planning on going back to them. It sounds weak and opens up a whole line of questioning around what circumstances would lead to us re-engaging. I continue to believe that we should be able to say that the Governor made a command decision to part ways with Oracle, with an orderly transition which protects those enrolled and enrolling in the current open enrollment window.



From: John Kitzhaber [mailto:[REDACTED]]
Sent: Sunday, March 02, 2014 5:18 PM
To: REEVES Liani * GOV
Cc: HARMON JOHNSON Nkenge * GOV; BONETTO Mike * GOV; Tim Raphael; Kevin Looper; Mark Wiener; GOLDBERG Bruce
Subject: Re: Attorney Client Communication

This language is intended to mean that we are ending our **current** relationship with Oracle — which does not mean we could not use them as a subcontractor under a system integrator in the future. It also does not spell out when open enrollment ends.

"...an agreement to end the current relationship with Oracle after an orderly transition through the open enrollment period and to complete the final phases for a fully functional health insurance exchange using other means."

Hope this helps.

JK

From: John Kitzhaber [REDACTED] >
Date: Sunday, March 2, 2014 at 5:02 PM
To: REEVES Liani * GOV [REDACTED] >
Cc: HARMON JOHNSON Nkenge * GOV [REDACTED] >, BONETTO Mike * GOV [REDACTED] >, BONETTO STATE EMAIL [REDACTED] >, Tim Raphael [REDACTED] >, RAPHAEL PERSONAL EMAIL [REDACTED] >, Kevin Looper [REDACTED] >, LOOPER PERSONAL EMAIL [REDACTED] >, Mark Wiener [REDACTED] >, GOLDBERG STATE EMAIL [REDACTED] >, GOLDBERG BRUCE [REDACTED] >
Subject: Attorney Client Communication

How is my cut at it for the mix. Also, I think the agreement is between Cover Oregon and Oracle, not the State — and Cover Oregon, not the state, is holding the \$26 million. Is that right"

Winning Mark

[Website](#) | [Twitter](#) | [Instagram](#)

From: Mark Wiener [REDACTED]
Subject: RE: Draft not final but getting closer
Date: March 2, 2014 at 8:14:02 PM PST
To: Nkenge [REDACTED] <[REDACTED]@HARMONJOHNSONCONSULTANTEMAIL>, Tim Raphael [REDACTED] <[REDACTED]@RAPHAELPERSONALEMAIL>, WENTZ PERSONAL EMAIL [REDACTED]
Cc: Kevin Looper [REDACTED] <[REDACTED]@LOOPERCONSULTANTEMAIL>, Mike Bonetto [REDACTED] <[REDACTED]@BONETTOPERSONALEMAIL>, Dmitri Palmateer [REDACTED] <[REDACTED]@PALMATEERPERSONALEMAIL>

I cannot imagine a world in which – after all we have been through and their shit-tastic performance – we would want to hire them for anything else. More important, I don't think we can allow the public to think that, as they would rightly term us the chumps of the century. We are continuing to use them to help unwind the current relationship, but indicating we might go back to them outside of that context is (insert descriptive phrase of your choice here).



Mark Wiener
[REDACTED]

From: Nkenge [REDACTED] <[REDACTED]@HARMONJOHNSONCONSULTANTEMAIL>
Sent: Sunday, March 02, 2014 8:09 PM
To: Tim Raphael [REDACTED] <[REDACTED]@RAPHAELPERSONALEMAIL>
Cc: Mark Wiener; Kevin Looper; Mike Bonetto; Dmitri Palmateer
Subject: Re: Draft not final but getting closer

Mark, the reason Gov added "end its **current** relationship" is b/c Cover Oregon may want/need to hire Oracle in the future, as a systems integrator, for example. (I don't love it either.)
-NHJ

From: Nkenge [REDACTED] <[REDACTED]@HARMONJOHNSONCONSULTANTEMAIL>
To: Tim Raphael [REDACTED] <[REDACTED]@RAPHAELPERSONALEMAIL>, WENTZ PERSONAL EMAIL [REDACTED]
Cc: Mark Wiener [REDACTED] <[REDACTED]@BONETTOPERSONALEMAIL>, Kevin Looper [REDACTED] <[REDACTED]@LOOPERCONSULTANTEMAIL>, Mike Bonetto [REDACTED] <[REDACTED]@BONETTOPERSONALEMAIL>, Dmitri Palmateer [REDACTED] <[REDACTED]@PALMATEERPERSONALEMAIL>

Sent: Sunday, March 2, 2014 7:53 PM
Subject: Draft not final but getting closer

All, see below:

Kitzhaber Announces Orderly End to Relationship with Oracle

Seeks One-Month Extension to Allow More Oregonians to Enroll in Health Care Coverage

Governor Kitzhaber today announced an agreement for Cover Oregon to end its current relationship with its primary website vendor, Oracle, at the conclusion of open enrollment season. After an orderly transition period, Cover Oregon will move forward to build the final phases of the health insurance exchange using other means.

Since the original launch date, October 1, 2013, Cover Oregon had continued to work with Oracle to complete work that would provide a fully-functional website. Despite ongoing technical problems, Cover Oregon has enrolled more than 120,000 people in health care coverage.

“We have come as far as we can with Oracle. I am not willing to allow ongoing delays, confusion and uncertainty to undermine our efforts to get Oregonians the health care coverage they need and deserve,” Governor Kitzhaber said. “While I am bitterly disappointed in the technology’s performance to date, I am pleased that each day Oregonians continue to enroll in coverage. Now we are able to move forward and consider a range of options to deliver on the full promise of Cover Oregon.”

Through the remainder of the open enrollment period, Oregonians may enroll in health care coverage using the current process through agents and community partners, or with an online or paper application.

Governor Kitzhaber said, “I have also asked the federal government for an additional month for Oregonians to enroll in coverage for 2014 and avoid federal penalties.” If approved, the State would create a special enrollment period in April to allow Oregonians to enroll in insurance coverage and receive any tax credits for which they qualify. This would add a month to the open enrollment period that is scheduled to end March 31.

“Just as we worked to gain the extension of tax credits for those who purchased health insurance outside of the exchange, we are working hard extend the open enrollment period. My goal is to enroll every Oregonian who is looking for health insurance coverage through Cover Oregon,” said Governor Kitzhaber.

Last week the federal government granted the request of Oregon and other states to allow people who purchased insurance plans outside of the state exchanges to receive retroactive tax credits denied them due to **enrollment websites** that were incomplete.

Cover Oregon and Oracle on Friday signed an agreement that protects the current and future enrollees and outlines an orderly transition of the technology vendor's services to the exchange. Cover Oregon is withholding \$26 million that Oracle claims is due for work that has still not produced a fully functional website through which the general public can enroll in a health plan. Details of the agreement include:

- Cover Oregon will withhold \$25 million of the \$69 million Oracle has claimed for technology development work since September 2013 through February 28, 2013.
- Over the next month, Oracle will provide transition services, maintenance, and repairs of the existing technology infrastructure. For this work Cover Oregon will pay Oracle \$3.9 million.
- Oracle will not use the disputed amount as a reason to stop providing services during open enrollment season.
- Cover Oregon reserves all legal claims, and has explicitly maintained the right to challenge the present payment, and any prior payments made to Oracle.

"In spite of the fact that the public portion of the website has not been completed, through the fast-track process and Cover Oregon, we have been able to enroll more than 250,000 Oregonians in quality, affordable health care coverage. We will do everything possible to ensure that we continue to enroll Oregonians through the current process," said Governor Kitzhaber. "The actions we have taken help protect our ability to do so."

To help determine the next steps to bring on line a fully functional website for the public, Cover Oregon is convening a group of public- and private sector technology experts after this open enrollment period. The group will review options that include:

- Retaining the currently technology that is working and contracting with a different developer for the next phases;
- Building on the existing investment and incorporating technology from other states or the federal exchange;
- Working with another vendor to complete a functioning website with the reliability and performance necessary to enroll Oregonians end-to-end.

Governor Kitzhaber has commissioned an independent review of issues surrounding the troubled roll-out of the Cover Oregon website. The final report is expected later this month. He also indicated he would sign legislation headed to his desk to increase oversight and accountability at Cover Oregon, and for the state's future information technology projects.

###

From: HARMON JOHNSON CONSULTANT EMAIL
To: RAPHAEL PERSONAL EMAIL
Cc: MARK WIENER, LOOPER CONSULTANT EMAIL, BONETTO PERSONAL EMAIL, PALMATEER PERSONAL EMAIL
Sent: Sunday, March 2, 2014 3:59 PM
Subject: Re: Call 4pm Sunday

From: RAPHAEL PERSONAL EMAIL <[REDACTED]@net>
To: WENTZ PERSONAL EMAIL
Cc: MARK WIENER, LOOPER CONSULTANT EMAIL, BONETTO PERSONAL EMAIL, PALMATEER PERSONAL EMAIL, HARMON JOHNSON CONSULTANT EMAIL
Sent: Saturday, March 1, 2014 7:33 PM
Subject: Call 4pm Sunday

Tim Raphael
[REDACTED]
[REDACTED]

On Mar 1, 2014, at 3:19 PM WENTZ PERSONAL EMAIL wrote:

[Few changes.](#)

From: "Mark Wiener"
To: RAPHAEL PERSONAL EMAIL
Cc: LOOPER CONSULTANT EMAIL, BONETTO PERSONAL EMAIL, PALMATEER PERSONAL EMAIL, WENTZ PERSONAL EMAIL, HARMON JOHNSON CONSULTANT EMAIL
Sent: Saturday, March 1, 2014 10:53:34 AM
Subject: Re: draft statement

I assume this agreement will be a public document so it would be great to get a look at it, especially any recitals. Is it subject to any redactions?

Mark Wiener

[REDACTED]

On Mar 1, 2014, at 10:47 AM, TimS360 [REDACTED] **RAPHAEL PERSONAL EMAIL** wrote:

> My first shot at a statement is attached...no pride of authorship...will assume Mike is on point for what we can and can't say...talk to you at 5PM...

> Tim

> <KitzhaberOracleStatment.docx>

--

Winning Mark

[REDACTED]
[REDACTED]
[REDACTED] >

<KitzhaberOracleStatment_2.docx>

Winning Mark

[Website](#) | [Twitter](#) | [Instagram](#)

From: Mark Wiener [Redacted] Wiener Consultant Email
Subject: RE: Draft not final but getting closer
Date: March 2, 2014 at 9:37 PM
To: Tim Raphael [Redacted] Raphael Personal Email
Cc: Kevin Looper [Redacted] Looper Consultant Email; Mike Bonetto [Redacted] Bonetto Personal Email

OK, I just noticed this:

Also note, this is a 60-day truce but either party may terminate early, which would mean the truce would end ten calendar days after written notice of termination. That is part of the reason that we are being counseled to speak with care and nuance. Again, it is not my preference but at this point none of us prefer to give Oracle a reason to blow up this temporary deal, especially after they have their \$\$.

We must be the worst negotiators in the history of negotiation.



From: Nkenge [Redacted] Harmon Johnson Personal Email
Sent: Sunday, March 02, 2014 8:40 PM
To: Mark Wiener; Tim Raphael
Cc: [Redacted] Wentz Personal Email; Kevin Looper; Mike Bonetto; Dmitri Palmateer
Subject: Re: Draft not final but getting closer

In response to your questions:

- We are strongly advised not to say, "Oracle cannot produce fully functioning website...".
- I will continue to work to remove "current". Note that "ending the **current** relationship" was added, in part, b/c Bruce and others want flexibility to retain Oracle as a systems integrator if the technology review determines that it the best choice moving forward, however unbelievable the choice may seem at this point.
- The correct #s are \$25 million withheld of \$69 million that Oracle claims. ("Claims" not necessarily "billed" at this point.) We are paying the remaining \$44 million.
- Also note, this is a 60-day truce but either party may terminate early, which would mean the truce would end ten calendar days after written notice of termination. That is part of the reason that we are being counseled to speak with care and nuance. Again, it is not my preference but at this point none of us prefer to give Oracle a reason to blow up this temporary deal, especially after they have their \$\$.
- Given what we're facing, I advise a paper statement rather than live event. No one will be able to stand up and answer all of the possible questions on the fly, not even our attorneys.

Some edits below in [blue](#).

Kitzhaber Announces [Plan to End Relationship with Oracle](#)

Seeks One-Month Extension to Allow More Oregonians to Enroll in Health Care Coverage

Governor Kitzhaber today announced a plan for Cover Oregon to end its current relationship with its primary website vendor, Oracle, at the conclusion of open enrollment season. After a transition period, Cover Oregon will move forward to build the final phases of the health insurance exchange using other means.

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“We have come as far as we can with Oracle. **It has become increasingly clear that we are not going to have the public portion of the website operational for the current enrollment period.** I am not willing to allow ongoing delays, confusion and uncertainty to undermine our efforts to get Oregonians the health care coverage they need and deserve,” Governor Kitzhaber said. “While I am bitterly disappointed in the technology’s performance to date, I am pleased that each day Oregonians continue to enroll in coverage. Now we are able to move forward and consider a range of options to deliver on the full promise of Cover Oregon.”

Through the remainder of the open enrollment period, Oregonians may enroll in health care coverage using the current process through agents and community partners, or with an online or paper application.

Governor Kitzhaber said, “I have also asked the federal government for an additional month for Oregonians to enroll in coverage for 2014 and avoid federal penalties.” If approved, the State would create a special enrollment period in April to allow Oregonians to enroll in insurance coverage and receive any tax credits for which they qualify. This would add a month to the open enrollment period that is scheduled to end March 31.

“Just as we worked to gain the extension of tax credits for those who purchased health insurance outside of the exchange, we are working hard extend the open enrollment period. My goal is to enroll every Oregonian who is looking for health insurance coverage through Cover Oregon,” said Governor Kitzhaber.

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Cover Oregon and Oracle on Friday signed an agreement that protects the current and future enrollees and outlines an orderly transition of the technology vendor’s services to the exchange. Details of the agreement include:

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To help determine the next steps [after the present open enrollment season](#), Cover Oregon is convening a group of public- and private sector technology experts after this open enrollment period. The group will review options that include:

- Retaining the currently technology that is working and contracting with a different developer for the next phases;
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- Working with another vendor to complete a functioning website with the reliability and performance necessary to enroll Oregonians end-to-end.

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###

From: Mark Wiener [Redacted] Wiener Consultant Email
To: Tim Raphael [Redacted] Raphael Personal Email; Nkenge [Redacted] Harmon Johnson Personal Email
Cc: [Redacted] Wentz Personal Email; Kevin Looper [Redacted] Looper Consultant Email; Mike Bonetto [Redacted] Bonetto Personal Email; Dmitri Palmateer [Redacted] Palmateer Personal Email
Sent: Sunday, March 2, 2014 8:09 PM
Subject: RE: Draft not final but getting closer

Ys, kill "orderly."

-----Original Message-----

From: Tim Raphael [Redacted]
Sent: Sunday, March 02, 2014 8:07 PM
To: Nkenge

Cc: [REDACTED] Wentz Personal Email, Mark Wiener; Kevin Looper; Mike Bonetto; Dmitri Palmateer
Subject: Re: Draft not final but getting closer

Don't like "orderly" in headline or "After an orderly transition period"

Tim Raphael

[REDACTED]
> On Mar 2, 2014, at 7:53 PM, Nkenge [REDACTED] wrote:
>
> After an orderly transition period

--

Winning Mark

From: Mark Wiener [REDACTED]
Subject: RE: Kitz response if asked...
Date: March 2, 2014 at 9:46:06 PM PST
To: TimS360 [RAPHAEL PERSONAL EMAIL]
Cc: Kevin Looper [LOOPER CONSULTANT EMAIL]

Good. Don't let them weaken it.
mw



From: TimS360 [RAPHAEL PERSONAL EMAIL]
Sent: Sunday, March 02, 2014 9:45 PM
To: Mark Wiener
Cc: Kevin Looper
Subject: Kitz response if asked...

"We have come as far as we can with Oracle. I am not willing to allow ongoing delays, confusion and uncertainty to undermine our efforts to get Oregonians the health care coverage they need and deserve. While I am bitterly disappointed in the technology's performance to date, I am pleased that each day Oregonians continue to enroll in coverage. Now we are able to move forward and consider a range of options to deliver a fully functioning website with the reliability and performance necessary to meet our needs.."

"I have also asked the federal government for an additional month for Oregonians to enroll in coverage for 2014 and avoid federal penalties. Just as we worked to gain the extension of tax credits for those who purchased health insurance outside of the exchange, we are working hard to extend the open enrollment period. My goal is to enroll every Oregonian who is looking for health insurance coverage through Cover Oregon."

Winning Mark

[Website](#) | [Twitter](#) | [Instagram](#)

From: Patricia McCaig [REDACTED]
Subject: Re: First Data
Date: February 10, 2014 at 6:25:16 PM PST
To: Mark Wiener [REDACTED]
Cc: TimS360 [REDACTED], Kevin Looper [REDACTED]

Yep.

PMc

On Feb 10, 2014, at 5:55 PM, Mark Wiener [REDACTED] wrote:

Keep me up and drinking. Speaking for myself, I would like to get on the horn tomorrow afternoon.

<image001.gif>

From: TimS360 [REDACTED]
Sent: Monday, February 10, 2014 5:05 PM
To: Mark Wiener
Cc: Patricia McCaig; Kevin Looper
Subject: Re: First Data

Other things to keep you up at night...

- Bruce ready to pull plug on public website while Oracle pushing to get paid \$30 million it says it is owed...state position has been no pay until working website... both sides have legal options
- Bruce considering taking Exeter up on its offer to build out website...they would agree work for free til there's a working website...Exeter has ex-Oracle employees and is also possible source for anti-Oracle, anti-Lawson stories...has always wanted CO work
- Other companies sniffing around to clean up mess
- Bob Cummings beginning to poke into other big state IT projects that are struggling...fresh opportunities for Richardson and reporters to probe...JK should be aggressive about getting ahead of other IT issues — DAS needs to know what's out there, evaluate problems, set new contracting/IT guidelines, etc.

- Steve Powell (Lawson hire from California) hunkering down... won't talk to Patty

Should we talk before campaign meeting tomorrow night?
Tim

On Feb 10, 2014, at 3:37 PM, Mark Wiener [REDACTED] wrote:

Interesting that this seems largely restricted to "the website team and any of its members." Who is construed to be a part of the website team? How far up does that go? Even in that context, though, number 2 is what will hurt us the most – and I do expect it to hurt.

<image001.gif>

From: Patricia McCaig [REDACTED]
Sent: Monday, February 10, 2014 2:02 PM
To: TimS360
Cc: Mark Wiener; Kevin Looper
Subject: Re: First Data

Ugh.

Patricia McCaig
[REDACTED]

On Feb 10, 2014, at 1:40 PM, TimS360 wrote:

Here are the 7 questions First Data is answering...contract attached...

The seven questions

First Data is to answer these seven questions in its investigation of the Cover Oregon online health-insurance exchange:

- 1) When did the website project team or any of its members realize or begin to realize the website was not going to be ready? Who first realized the website was not going to be ready?
- 2) Who was in the position to make decisions as it relates to the website project?
- 3) Did the website project team or any of its members have a plan B for operations developed when they realized the exchange was not going to work? If not, why not?
- 4) Did the state or Cover Oregon consider engaging a system integrator to assist with the website project? If not, why not? Did the website project team or any of its members believe the state or Cover Oregon has the expertise to undertake the website project without the assistance of a system integrator? If so, why?
- 5) What was the basic oversight and governance accountability as it relates to the multiple parties and the procurement, administration and

finances of vendor services?

6) Why were Oracle products and Oracle services chosen?

7) How was the original scope of the website project determined and by whom? To what degree did the scope of the project delay the implementation? How was the scope managed? After the website project team or any of its members realized the website was not going to work, would it have been possible to change the scope? If so, how?

<First-Data-Work-Order-Contract .pdf>

Winning Mark

[Website](#) | [Twitter](#) | [Instagram](#)

Winning Mark

[Website](#) | [Twitter](#) | [Instagram](#)

From: TimS360 [REDACTED] [RAPHAEL PERSONAL EMAIL]
Subject: Re: First Data response
Date: March 6, 2014 at 10:31 PM
To: Dmitri Palmateer [REDACTED] [PALMATEER PERSONAL EMAIL]

love it. thx
On Mar 6, 2014, at 10:26 PM, Dmitri P [REDACTED] [PALMATEER PERSONAL EMAIL] > wrote:

A couple of questions/ suggestions:

1). He became aware of the magnitude of the problems in late October. But I think we need a line or two that says he was aware there were problems months in advance, and he had been directing his staff to work with legislative leadership and CO leadership to address those problems including but not solely focused on tech challenges, but it wasn't until late October that there was an admission from then CO leadership that these tech problems were insurmountable.

2) oracle. How do we make it through this without suggesting that we might pursue a lawsuit? This is the period when we will have the best chance to change the narrative. It might be too early but we should push that as hard as possible. What about as an action step: "I am forwarding the first data report as well as additional internal documentation to the attorney general and outside counsel to review our possible legal options and am asking for a recommendation from them by May 1st as to whether the state should initiate a lawsuit against Oracle.

Sent from my iPad

On Mar 6, 2014, at 7:58 PM, TimS360 [REDACTED] [RAPHAEL PERSONAL EMAIL] > wrote:

Attached is a ROUGH draft proposed response to the First Data report (w/o the benefit of the actual findings)...
<firstdataresponse.docx>

one idea you'll see...he could ask for letters of resignation for all senior management at Cover Oregon and OHA effective May 1, with a plan to meet with each of them and determine who stays...

Tim

To: John Kitzhaber [REDACTED]@gmail.com]
From: Cylvia Hayes
Sent: 2014-03-17T03:51:09Z
Subject: Re: NEXT WEEK
Received: 2014-03-17T02:51:25Z

Hey Darlin',

A few thoughts. One, I thought we were going to fire Bruce (I think, unfortunately, that has to happen). Two, I think it might be helpful to really point out how many people now have insurance who didn't before and how many of us self-employed are saving significant money because of the exchange (the small business angle). Three, I think your tone in this press conference is critical. You must deliver your sense of being accountable without looking weak or defensive or angry. People are as distrustful of big business as they are of government and Oracle is big business. You were misled by big-monied interests just like so many of us are — just a thought.

Finally, I so appreciate how hard you work on behalf of Oregon and all of us lucky enough to live here. Thank you for taking on this mission and heavy load. You are truly a national leader in the critically important effort to transform our health care system and that will be your legacy and our state, national, and humanitarian benefit in the end. This will pass and become a positive on your record in the not-too-distant future.

If it turns out you cannot go tomorrow I completely understand though I will miss you terribly. If it turns out you cannot go and really want me to be here with you as support I will cancel TED and stay with you without hesitation. You, and Oregon, are my priority.

I love you very much,
Cylvia

Cylvia Hayes
CEO, 3Estrategies

From: John Kitzhaber [REDACTED]@gmail.com>
Date: Sunday, March 16, 2014 6:11 PM
To: Cylvia Hayes [REDACTED]@estrategies.org>
Subject: NEXT WEEK

Hey Babe

Still not sure if I am going to be able to go tomorrow. Still planning not it. Lots of incoming here.

Thanks so much for being on the call. I am sending you a new draft of the Thursday comments. You will see where I think we need new/accurate information and some *strategic questions*. I will try to do a similar work over of the questions and need to get it out over the next 24 hours for sure. I also need to rework and add additional questions/responses to the Q&A which I have attached for you.

Loving You so much.

JK

To: John Kitzhaber [REDACTED]@gmail.com]
From: Cylvia Hayes [REDACTED]
Sent: 2014-03-17T05:13:51Z
Subject: Re: NEXT WEEK
Received: 2014-03-17T04:14:03Z

[REDACTED]

C

Cylvia Hayes
CEO, 3EStrategies

[REDACTED]

From: John Kitzhaber [REDACTED]@gmail.com>
Date: Sunday, March 16, 2014 8:06 PM
To: Cylvia Hayes [REDACTED]
Subject: Re: NEXT WEEK

[REDACTED]

[REDACTED]

[REDACTED]

From: Cylvia Hayes [REDACTED]
Date: Sunday, March 16, 2014 at 8:51 PM
To: John Kitzhaber [REDACTED]@gmail.com>
Subject: Re: NEXT WEEK

Hey Darlin',

A few thoughts. One, I thought we were going to fire Bruce (I think, unfortunately, that has to happen). Two, I think it might be helpful to really point out how many people now have insurance who didn't before and how many of us self-employed are saving significant money because of the exchange (the small business angle). Three, I think your tone in this press conference is critical. You must deliver your sense of being accountable without looking weak or defensive or angry. People are as distrustful of big business as they are of government and Oracle is big business. You were misled by big-monied interests just like so many of us are — just a thought.

Finally, I so appreciate how hard you work on behalf of Oregon and all of us lucky enough to live here. Thank you for taking on this mission and heavy load. You are truly a national leader in the critically important effort to transform our health care system and that will be your legacy and our state, national, and humanitarian benefit in the end. This will pass and become a positive on your record in the not-too-distant future.

If it turns out you cannot go tomorrow I completely understand though I will miss you terribly. If it turns out you cannot go and really want me to be here with you as support I will cancel TED and stay with you without hesitation. You, and Oregon, are my priority.

I love you very much,
Cylvia

Cylvia Hayes
CEO, 3EStrategies

[REDACTED]

From: John Kitzhaber [REDACTED]@gmail.com>
Date: Sunday, March 16, 2014 6:11 PM

CONGJK001186

To: Cylvia Hayes <[REDACTED]>
Subject: NEXT WEEK

Hey Babe

Still not sure if I am going to be able to go tomorrow. Still planning not it. Lots of incoming here.

Thanks so much for being on the call. I am sending you a new draft of the Thursday comments. You will see where I think we need new/accurate information and some *strategic questions*. I will try to do a similar work over of the questions and need to get it out over the next 24 hours for sure. I also need to rework and add additional questions/responses to the Q&A which I have attached for you.

Loving You so much.

JK

Message

From: Tim Raphael [REDACTED] RAPHAEAL PERSONAL EMAIL
Sent: 3/20/2014 6:51:30 PM
To: Patricia McCaig [REDACTED] easystreet.net]; Mark Wiener [REDACTED]; [REDACTED]
[REDACTED] LOOPER CONSULTANT EMAIL; Nkenge [REDACTED] HARMON JOHNSON CONSULTANT EMAIL; Mike Bonetto [REDACTED] BONETTO PERSONAL EMAIL
Subject: oracle responding

Oracle blames "weaknesses within OHA and Cover Oregon" for troubled roll out of Oregon's health care exchange.

[#sjnow](#) [#orpol](#)

Tim Raphael
[REDACTED]

From: **Tim Raphael** [RAPHAEL PERSONAL EMAIL]
Subject: Re: oracle responding
Date: March 20, 2014 at 12:29 PM
To: Mark Wiener [winningmark.com]
Cc: Patricia McCaig [asvstreet.net], Fulcrum [fulcrumpolitical.com], Nkenge [HARMON JOHNSON CONSULTANT EMAIL]
Mike Bonetto [BONETTO PERSONAL EMAIL]

sounds like possible 1PM debrief call... stay tuned
Tim Raphael

On Mar 20, 2014, at 12:01 PM, Mark Wiener [REDACTED] wrote:

That feels like an opening for us.

Mark Wiener
[REDACTED]

On Mar 20, 2014, at 11:52 AM, Tim Raphael [RAPHAEL PERSONAL EMAIL] wrote:

Oracle blames "weaknesses within OHA and Cover Oregon" for troubled roll out of Oregon's health care exchange. [#sjnow](#) [#orpol](#)

Tim Raphael
[REDACTED]

Winning Mark

[Website](#) | [Twitter](#) | [Instagram](#)

From: TimS360 [REDACTED] RAPHAEAL PERSONAL EMAIL
Subject: Re: First Data response
Date: March 6, 2014 at 10:31 PM
To: Dmitri Palmateer [REDACTED] PALMATEER PERSONAL EMAIL

love it. thx
On Mar 6, 2014, at 10:26 PM, Dmitri P [REDACTED] PALMATEER PERSONAL EMAIL > wrote:

A couple of questions/ suggestions:

1). He became aware of the magnitude of the problems in late October. But I think we need a line or two that says he was aware there were problems months in advance, and he had been directing his staff to work with legislative leadership and CO leadership to address those problems including but not solely focused on tech challenges, but it wasn't until late October that there was an admission from then CO leadership that these tech problems were insurmountable.

2) oracle. How do we make it through this without suggesting that we might pursue a lawsuit? This is the period when we will have the best chance to change the narrative. It might be too early but we should push that as hard as possible. What about as an action step: "I am forwarding the first data report as well as additional internal documentation to the attorney general and outside counsel to review our possible legal options and am asking for a recommendation from them by May 1st as to whether the state should initiate a lawsuit against Oracle.

Sent from my iPad

On Mar 6, 2014, at 7:58 PM, TimS360 [REDACTED] RAPHAEAL PERSONAL EMAIL > wrote:

Attached is a ROUGH draft proposed response to the First Data report (w/o the benefit of the actual findings)...
<firstdataresponse.docx>

one idea you'll see...he could ask for letters of resignation for all senior management at Cover Oregon and OHA effective May 1, with a plan to meet with each of them and determine who stays...

Tim

TR000476

From: [REDACTED] BONETTO PERSONAL EMAIL
Subject: Resignation options..
Date: March 9, 2014 at 9:49:26 PM PDT
To: [REDACTED] RAPHAEL PERSONAL EMAIL
[REDACTED] LOOPER CONSULTANT EMAIL, Mark Wiener [REDACTED]

Still waiting to see final org charts from OHA and CO...but below is some initial legal feedback around options.

MB

Authority to Remove

The Governor clearly has authority to remove the OHA Director who serves at the pleasure of the Governor. When it comes to other management at OHA, the statutes give the OHA Director the authority to appoint all subordinate officers and employees at the OHA. At the very least, the Governor can direct the Director to remove OHA management; the OHA Director who serves at the pleasure of the Governor must comply or may be removed. Alternatively, if the Governor were to remove the Director of OHA, the Governor would serve in the capacity as Acting Director while there is a vacancy and the Governor in his capacity as OHA Director could make the desired personnel changes.

We're checking tomorrow about whether the Governor could bypass the OHA Director and exercise a direct removal authority over employees at OHA by virtue of his constitutional power as the chief executive of the state.

As a general matter, executive service employees who serve at the pleasure of the appointing authority can be removed at any time with or without cause. (But see below.) Management service employees have appeal rights to the Employment Relations Board. Classified service employees have union and collective bargaining agreement rights and can only be removed for cause.

Other Issues to Consider

This type of contemplated employment action could certainly result in some litigation by removed employees. (Carolyn Lawson has already retained a very well known and skilled attorney, David Angeli, and she has made a public records request for all records released to any other requestor related to Cover Oregon.)

Written Communications and Documentation

If litigation ensues, the broad scope of discovery allowable in litigation will mandate disclosure of any documentation, communications, emails, etc. that are relevant to the employment decisions. Unlike responding to public records requests where there are exemptions from disclosure such as exemptions for internal advisory communications or personnel disciplinary actions, the public records exemptions do not apply in litigation discovery. Other than privileged communications between attorney and client, virtually all relevant or potentially relevant documentation must be turned over in discovery.

Other Discovery

We will also want to be mindful that if he is intimately involved in firing decisions, he may open himself up to discovery in litigation. Oftentimes in litigation, if someone wants to depose the Governor about a state decision, we are able to avoid such a deposition because his involvement and personal knowledge are limited and others are in a better position to be deposed. If this is perceived as the Governor's direction or the Governor's plan, we may have trouble avoiding him being compelled to a deposition under oath or subject to other invasive discovery (for example, subpoena of his laptop or journals).

Discrimination/Comparators

While the level of employment action that we may be contemplating is likely at the "at will" level, that does not mean we are insulated from litigation. Even "at will" employees cannot be terminated in an arbitrary or capricious or discriminatory manner. Anyone can file a lawsuit for being terminated and in most employment cases, there are no overt indicators of discrimination or improper motive. Employment lawsuits are based on innuendo, assumptions, and context. If any of the employees involved are of a protected class (including gender which could be men or women; or age—really anyone over 40 could claim age discrimination), they could bring a lawsuit alleging discriminatory treatment. Although the health insurance exchange project is a unique project and a potential failure on many levels, potential plaintiffs may point to other state projects that have failed or where significant mistakes have been made but where the same level of accountability has not followed.

Whistleblowing/Retaliation

One area where the State may be particularly vulnerable is possible whistleblower liability. It is an unlawful employment practice to discharge or demote an employee who has in good faith reported information that the employee believes is evidence of a violation of state or federal law, rule or regulation. The report does not need to be made through a formal channel and it does not need to be a proactive or voluntary report. It can be a report that is made in response to an inquiry. For example, employees who participated in the First Data Review and who disclosed information he/she thought was a violation of state or federal law may not be subjected to employment action on that basis. Other examples may include employees who talked to the press in response to a reporter inquiry or who reported concerns to the federal government (even

through the course of a routine status check) throughout the life of the project. Although it is unlikely that we would take an action *because* of this type of disclosure, if any employees who are terminated made such disclosures, they will be able to present a compelling case for improper termination for whistleblowing.

From: Mike Bonetto [mailto:MIKEMONNETTO@PERSONAL.EMAIL] >
Subject: letter..
Date: April 7, 2014 4:54:34 PM PDT
To: Patricia McCaig <[REDACTED]>

1 Attachment 16 KB

just got this...



[Employment_ocx \(16 KB\)](#)

April 7, 2014

HAND DELIVERED
EMAIL

Dr. Bruce Goldberg
Office of the Director
Cover Oregon
16760 SW Upper Boones Ferry Rd
Suite 200
Durham, OR 97224

EMAIL
CERTIFIED MAIL,
RETURN RECEIPT REQUESTED

Liz Baxter
Chair of Board of Directors
Cover Oregon

Re: Cover Oregon employment

Dear Dr. Goldberg and Ms. Baxter:

I am aware that last Wednesday the Board was to be meeting and believe that one of the issues to be discussed would have been about my future with Cover Oregon. I know the meeting has been moved to this Thursday, April 10, 2014, and have not heard if my future is still a topic of discussion. This is an unusual process as my employment is controlled by the Executive Director of Cover Oregon, not by the Board. On March 26, 2014, I placed a call into Mike Benetto to figure out if there was any additional information about my status. To date I have had no communication. Nevertheless, since the Press Release issued by Governor Kitzhaber's office on March 20, 2014, this process has been unusual, and thus I am corresponding with both of you.

Over the past few months I have witnessed the problems associated with Cover Oregon's website handled by the "resignations" of the individuals in leadership. This provides plausible political cover for the Governor's office, but does not resolve the core issues with Cover Oregon. The financial and technical problems began when the project was being managed by the Oregon Health Authority. These were problems which Cover Oregon inherited, and which were

later perpetuated by the unrealistically optimistic reports Cover Oregon received from Oracle. The crisis was enhanced by the unwillingness of the Governor's office to confront the problems which we were reporting.

These issues have now been laid at my feet, despite my efforts over the past year to participate in the discussions and the development of strategies to address the problems. Also, in part, we are facing this crisis due to the unwillingness of the state's leadership to accept and to publically acknowledge that all was not going well with the development of the Cover Oregon website and enrollment process.

The morning of March 20, 2014 I received a call from Mike Benetto, in his role as the Governor's Chief of Staff, in which he informed me about the Governor's press release by which the Board was asked to remove both Aaron Karjala, CIO and me from our roles at Cover Oregon. This press release has resulted in the expected flurry of negative reports in the press regarding Cover Oregon and me. It most recently culminated in the April 1, 2014 Associated Press article which was nationally disseminated and which leads with a report of Aaron's resignation and reiterates Governor Kitzhaber's instruction to the Board to replace me.

I am not willing to have my personal and professional reputation harmed by these events. Moreover, I do not intend to resign. There are numerous documents which reflect the problems with the website and financial deficiencies when the project was handed over to Cover Oregon from the Oregon Health Authority in April of 2013. These were problems known to the leadership of Cover Oregon, the OHA and the Governor's office since at least March of 2013 and about which the Governor's office was regularly informed throughout 2013.

By my email of March 28, 2013, I expressed my concerns about the lack of development funding. On April 9, 2013, I emailed Ms. Lawson as both Mike Smith, Cover Oregon's Controller and I were waiting for updates on the budget numbers, to which Ms. Lawson reported only "This has been escalated to Bill (Coulombe), Suzanne (Hoffman) and Kelly (Ballas)". On April 20, 2013, Rocky King advised Dr. Goldberg and also Mike Bonetto and Sean Kolmer on behalf of the Governor that there were challenges around both the current IT grant and the next biennium budget. As early as April 28, 2013, Rocky reported that "for CO, the original Level II grant was based on the assumption that IT costs would become the responsibility of CO as of July 1, 2013, that the innovator grant funds would be expended at the end June. On that date, we would begin picking up all external contracts (i.e., Oracle) and reimbursing OHA . . . We are now working with OHA as they have informed us that we will need to assume responsibility on May 1. This could result in a 10-12 million dollar expense that was not included in our grant award. . . ." Jim Scherzinger was involved in this discussion by May

of 2013, if not earlier.

We briefed the Governor's staff regularly, via email and in conference calls and meetings. In early August of 2013 we were preparing contingency plans and this information was provided to the Board. Mike Smith and Jim Scherzinger engaged in a lively email discussion in early August, 2013 regarding the financial shortfall. I sent a pointed email to Patty Wentz on August 9, 2013, in which I told her that in talking with Mike Smith we are not comfortable verifying the projections off the OHA analysts.

Despite the assurances of Oracle, by mid-September of 2013, we became aware that the website would not function as promised and that it would not be ready by October of 2013 as expected. We then stopped paying the Oracle invoices as they were for work which did not deliver a fully functional product in a timely manner. The Cover Oregon executive team met with Mike Benetto, Sean Kolmar and others on a monthly basis from June through October of 2013 and provided accurate information about the deficiencies in the budget and accurate reports regarding the website development. Despite this knowledge, the Governor's office release unrealistic public assurances about the viability of the project and the ability of individuals to enroll through the Cover Oregon website.

I always engaged in accurate and candid conversations with the Governor's staff. On October 26, 2013, Mike Bonetto reported that the Governor had inquired about our progress and sought an update on the website. Mike also stated that he would schedule a call for the Governor and an Oracle executive for that week.

If it is your decision that I should leave Cover Oregon, I am willing to work with you to provide a smooth transition of my position to another person. However, I am not willing to be the scapegoat for these problems nor to see my reputation publicly harmed as has occurred to Aaron and others. If my employment with Cover Oregon is involuntarily terminated, I will seek counsel to pursue all appropriate claims against the State and those involved for retaliatory termination, wrongful discharge and defamation. I suggest that we have a candid discussion about these issues before the Board meets on Thursday or decisions are made about my future with Cover Oregon.

Regards,

Triz delaRosa

cc: Mike Benetto

From: Patricia McCaig [REDACTED]
Subject: Re: letter..
Date: April 7, 2014 5:24:01 PM PDT
To: Mike Bonetto [BONETTO PERSONAL EMAIL] >



Hmmm. This letter is probably the best confirmation ever that she needs to go.
Can talk if/ when helpful.

PMc

On Apr 7, 2014, at 4:54 PM, Mike Bonetto [BONETTO PERSONAL EMAIL] > wrote:

just got this...
<Employment Discussion 4 7 14.docx>

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Subject: Re: letter..
Date: April 7, 2014 8:34:57 PM PDT
To: Patricia McCaig [REDACTED]

Yes...agree.

Can talk now...or tomorrow morning at 8am.

On Mon, Apr 7, 2014 at 5:24 PM, Patricia McCaig [REDACTED] wrote:
Hmmm. This letter is probably the best confirmation ever that she needs to go.
Can talk if/ when helpful.

PMc

On Apr 7, 2014, at 4:54 PM, Mike Bonetto [BONETTO PERSONAL EMAIL] wrote:

> just got this...
> <Employment Discussion 4 7 14.docx>

From: Christian Gaston [REDACTED]
Subject: Re: When can the conversation shift to Oracle?
Date: April 25, 2014 2:26:05 PM PDT
To: Patricia McCaig [REDACTED] >

Good. I think this is working well.

On Fri, Apr 25, 2014 at 2:24 PM, Patricia McCaig <[REDACTED]> wrote:

It will get there. this started the turn and now we start the climb back out....get control again in Oregon message hopefully next week, followed by ways in which money spent can be utilized at OHA, followed by Oracle.

Patricia McCaig
[REDACTED]

On Apr 25, 2014, at 1:36 PM, Christian Gaston wrote:

Sarah Kliff did a quick item on Cover Oregon: <http://www.vox.com/cards/obamacare/how-did-oregon-get-obamacare-so-wrong>

Which is OK. But what all these national outlets are missing out on is Oracle's follies.

It still drives me crazy that Americans essentially assume that a corporate contractor will not do the right thing so when they screw up its the fault of management at the state.

It's a logic puzzle that defies reason. Anyway, Oracle is now commenting publicly and their letter is floating out there, seems like the time is coming. Just wondering if you have thoughts on the timing.

From: Mark Wiener <[REDACTED]>
Subject: RE: Reg. Guard Editorial
Date: April 26, 2014 8:52:23 AM PDT
To: Tim Raphael <[REDACTED]>, Patricia McCaig <[REDACTED]>, Kevin Looper <[REDACTED]>, Dave Metz <[REDACTED]>

2 Attachments, 13 KB

Tim, they clearly had our meeting room bugged when you laid this out a couple of months ago.

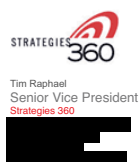


From: Tim Raphael <[REDACTED]>
Sent: Saturday, April 26, 2014 6:28 AM
To: Patricia McCaig; Mark Wiener; Kevin Looper; Dave Metz
Subject: Reg. Guard Editorial

This is the argument I'm worried about:

Cover Oregon is as great a gift as any Republican gubernatorial candidate could wish for — it wraps Obamacare, Oregon's Democratic-dominated state government and a software fiasco into one neat package and lays it at Kitzhaber's feet. Better yet, from an opponent's point of view, it's a dot that can be connected to others. Cover Oregon failed because Kitzhaber put his trust in the wrong people, and then paid too little attention as signs of trouble began to accumulate. The same thing happened with the Columbia River Crossing, the now-abandoned plan to build a new Interstate 5 bridge between Oregon and Washington State. The same thing happened with Rudy Crew, the high-salaried junketeer whom Kitzhaber put in charge of his education reform project.

<http://registerguard.com/rg/opinion/31484263-78/kitzhaber-richardson-state-oregon-governor.html.csp>



Winning Mark
[Website](#) | [Twitter](#) | [Instagram](#)

Message

From: Patricia McCaig [REDACTED]
Sent: 4/26/2014 1:51:45 AM
To: Mike Bonetto [BONETTO PERSONAL EMAIL]; Tim Raphael [RAPHAEL PERSONAL EMAIL]; Patty Wentz [WENTZ PERSONAL EMAIL]
Subject: CBS national

If you can get it online look at the national story on CO. First, it is just wrong. But secondly it is all thru the lens of failing Obamacare. We have the opportunity to turn this into a win.

PMC

Message

From: Patricia McCaig [REDACTED]
Sent: 4/29/2014 9:00:13 PM
To: Mike Bonetto [REDACTED]; Sean Kolmer [REDACTED]
CC: John Kitzhaber [REDACTED]
Subject: Fwd: KATU on Oracle

FYI, timing is everything.

PMc

Subject: KATU on Oracle

<http://www.katu.com/news/investigators/KATU-Investigation-finds-Oracle-shares-blame-with-Cover-Oregon-for-website-disaster-256637461.html>

Message

From: Patricia McCaig [REDACTED]
Sent: 5/27/2014 2:55:26 AM
To: [REDACTED] BONETTO PERSONAL EMAIL
Subject: Re: Call tonight at 9:00..

Mike, Duke's letter needs a rewrite.

Patricia McCaig



On May 26, 2014, at 7:47 PM, Gmail wrote:

For those available...we would like to get everyone together at 9pm tonight to discuss where we are with letters...and process for moving forward this week. I've attached the latest draft letters to the AG (thanks PMc) and Investment Council (thanks Duke)....and we still need to nail down letters to Wyden-Merkley and to Obama/HHS.

Call in info...



<Dear Attorney General Rosenblum_3.docx>

<Investment Council letter.docx>

<Draft Oracle Q&As_v1.docx>

Message

From: Duke Shepard [REDACTED]
Sent: 5/27/2014 4:38:06 PM
To: Dmitri P [PALMATEER PERSONAL EMAIL]
CC: [BONETTO PERSONAL EMAIL]; Patricia McCaig [REDACTED]; Tim Raphael [RAPHAEL PERSONAL EMAIL];
Nkenge Johnson [REDACTED]; [HARMON JOHNSON CONSULTANT EMAIL]; Sean Kolmer [KOLMER PERSONAL EMAIL]
Subject: Re: Call tonight at 9:00..

No reason to send a letter then. We're done on that front.

Sent from my iPhone

> On May 27, 2014, at 9:33 AM, Dmitri P [PALMATEER PERSONAL EMAIL] wrote:
>
> Governor called Ted. Then Tom R called me back to report that based on their brief conversation with one of their investment managers, Oregon's investments in Oracle are "passive and small." No direct investments. For instance, what we have is tied up in index funds. No way to unwind that investments unless we sell the entire index fund.

>
> Not sure whether that changes anything.

>
> Dmitri

> Sent from my iPad

>> On May 27, 2014, at 9:21 AM, Duke Shepard [REDACTED] com> wrote:

>>
>> Revised Treasurer letter done. Short and sweet.

>>
>> Sent from my iPhone

>>> On May 26, 2014, at 7:47 PM, Gmail [BONETTO PERSONAL EMAIL] wrote:

>>>
>>> For those available...we would like to get everyone together at 9pm tonight to discuss where we are with letters...and process for moving forward this week. I've attached the latest draft letters to the AG (thanks PMC) and Investment Council (thanks Duke)...and we still need to nail down letters to Wyden-Merkley and to Obama/HHS.

>>>
>>> Call in info...

>>> [REDACTED]
>>>
>>> <Dear Attorney General Rosenblum_3.docx>

>>>
>>> <Investment Council letter.docx>

>>>
>>> <Draft Oracle Q&As_v1.docx>

Message

From: Patricia McCaig [REDACTED]
Sent: 5/20/2014 1:10:41 AM
To: Mike Bonetto [REDACTED] BONETTO PERSONAL EMAIL
Subject: Fwd: Cover Oregon messaging

Patricia McCaig

Begin forwarded message:

From: John Kitzhaber [REDACTED]
Subject: Cover Oregon messaging
Date: May 19, 2014 6:03:01 PM PDT
To: Mike Marshall [REDACTED]
cc: Patricia McCaig [REDACTED], Christian Gaston [REDACTED],
Scott Nelson [REDACTED], Tim Raphael [REDACTED]
RAPHAEL CONSULTANT EMAIL [REDACTED], Mark Wiener [REDACTED], Kevin Looper
LOOPER PERSONAL EMAIL [REDACTED]

Team,

Just want to make sure we are all on the same page on the Cover Oregon response. I need one statement to start every conversation about it. I would rather it be offensive rather than defensive. I will have an opportunity to put it in my ONA speech tomorrow which is also being filmed for use by the campaign.

Here is the “headliner” we have been using for edit boards but I am not sure that it has generated any headlines so far.

Oracle and Cover Oregon delivered a website that did not work but we have a system that is working every day in real and tangible ways for Oregonians. I have held people inside state government and Cover Oregon accountable for the failed website, and now we are going to hold Oracle accountable.

Another version might be:

Oracle and Cover Oregon delivered a website that did not work but that did not deter us from achieving the purpose behind the website: enrolling Oregonians in quality affordable health plans. Notwithstanding the problems with the technology we have successfully enrolled over 350,000 (*whatever the number we are using is*) people in coverage. I have held people inside state government and Cover Oregon accountable for the failed website, and now we are going to hold Oracle accountable — but our work to transform Oregon’s health care system has not missed a step.

We are also being tagged over and over again with “sating over \$200 million. I don’t know how to say this without sounding defensive but the fact is that a lot of the money was used to enroll far more people than we expected to enroll with a fully functioning website — so those dollars were not wasted; we will continue to use the Medicaid enrollment technology so that is not wasted; and we will go after Oracle for the difference (and perhaps damages).

Obviously this relentless pounding is starting to seriously wear me down so I imagine I am losing some of my objectivity. The fact is, however, that Richardson is benefitting from what is essentially a free independent expenditure campaign — the equivalent of a boatload of money he does not have if his campaign was paying to move a message to this extent on television and in print and social media.

Certainly the Cover Oregon fiasco is part of my record; but so is the fact that we have enrolled 400,00 people, that our new care model is working and saving the state hundreds of millions of dollars, that we are moving this model to the private sector, that we have created 100,000 jobs, increased K-12 funding by over a billion dollars, reduced the cost of PERS, etc. etc.

Just don't know how we turn the corner on this.

JK

Message

From: Patricia McCaig [REDACTED]
Sent: 5/20/2014 2:29:22 PM
To: Mike Bonetto [BONETTO PERSONAL EMAIL]
Subject: Fwd: Cover Oregon messaging

Mike, this is what I sent JK last night.

Patricia McCaig
503.593.5250

Begin forwarded message:

From: Patricia McCaig [REDACTED] >
Subject: **Re: Cover Oregon messaging**
Date: May 19, 2014 9:30:41 PM PDT
To: John Kitzhaber [REDACTED] >

Hi, I had a long productive conversation with Christian and Tim. Christian will be in touch. Either paragraph in blue works. We've got to get into a different place on the wasted money -- Christian is sending you the "inning" language that you've used in the edit boards. This is going to be a long slow turn, incremental - fed website, next Oracle, the working website. We need to show the taxpayers that we are going after the money. It doesn't really matter if it is \$ 200 million or 40, or how many people enrolled, until we make it clear that we're going after the money.

Don't be disheartened. George Mitchell had 843 consecutive days of failure before he had a productive meeting brokering peace in Ireland.

We should not expect many wins on healthcare between now and November, but there can be real results a year or so from now - after a successful website, lawsuit, completed investigations - and hundreds of thousands of people with healthcare. That's the end game that really matters. Our goal between now and November is to keep moving forward, lead the way step by step out of this. There's going to be constant incoming, we just need to be producing and delivering the alternative path that produces the results and not be paralyzed by the incoming. It is all about offense.

Patricia McCaig
[REDACTED]

On May 19, 2014, at 6:03 PM, John Kitzhaber wrote:

Team,

Just want to make sure we are all on the same page on the Cover Oregon response. I need one statement to start every conversation about it. I would rather it be offensive rather than defensive. I will have an opportunity to put it in my ONA speech tomorrow which is also being filmed for use by the campaign.

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Oracle and Cover Oregon delivered a website that did not work but we have a system that is working every day in real and tangible ways for Oregonians. I have held people inside state government and Cover Oregon accountable for the failed website, and now we are going to hold Oracle accountable.

Another version might be:

Oracle and Cover Oregon delivered a website that did not work but that did not deter us from achieving the purpose behind the website: enrolling Oregonians in quality affordable health plans. Notwithstanding the problems with the technology we have successfully enrolled over 350,000 (*whatever the number we are using is*) people in coverage. I have held people inside state government and Cover Oregon accountable for the failed website, and now we are going to hold Oracle accountable — but our work to transform Oregon’s health care system has not missed a step.

We are also being tagged over and over again with “sating over \$200 million. I don’t know how to say this without sounding defensive but the fact is that a lot of the money was used to enroll far more people than we expected to enroll with a fully functioning website — so those dollars were not wasted; we will continue to use the Medicaid enrollment technology so that is not wasted; and we will go after Oracle for the difference (and perhaps damages).

Obviously this relentless pounding is starting to seriously wear me down so I imagine I am losing some of my objectivity. The fact is, however, that Richardson is benefitting from what is essentially a free independent expenditure campaign – the equivalent of a boatload of money he does not have if his campaign was paying to move a message to this extent on television and in print and social media.

Certainly the Cover Oregon fiasco is part of my record; but so is the fact that we have enrolled 400,00 people, that our new care model is working and saving the state hundreds of millions of dollars, that we are moving this model to the private sector, that we have created 100,000 jobs, increased K-12 funding by over a billion dollars, reduced the cost of PERS, etc. etc.

Just don't know how we turn the corner on this.

JK

Message

From: John Kitzhaber [REDACTED]
Sent: 5/24/2014 5:14:32 PM
To: Mike Bonetto [REDACTED]; Patricia McCaig [REDACTED]
Subject: Debrief from Yesterday
Attachments: A Brief Debrief.docx

Good Morning,

I thrashed around a bit last night and got up and wrote down my thoughts on what happened yesterday for what it is worth. I will check in later today.

JK

A Brief Debrief

It would be good to have a debriefing of what happened yesterday. Not trying to find fault but trying to understand how this could have gone so wrong and to learn from it and make sure it does not happen again.

Here are my initial thoughts

1. We should have been ready for this. This was my first public press event after the release of the FBI investigation and the Bruce Goldberg resignation issue. We should have anticipated and prepared more intentionally and thought through questions and scenarios just as we did for the March press conference on Frist Data. We should have had our A Team there from communication office.
2. We should expect that Sandini and his ilk (as well as R trackers) are going to show up at every event until November and be prepared.
3. When there is another main speaker (e.g. Sally Jewell, Gina McCarthy) and they finish and ask for questions – and if there are none or when they are done answering – I should ask if there are any questions for me. And if there are and if they are off topic (in yesterday's cast, climate change) I should pause, let our guest leave, and then answer a few questions. Need someone from communications there to say "time for one more question."
4. DPU needs to think this though better as well and give more thought to how to get out. They brought me up an elevator from an underground parking lot as they expected protestors. They perhaps should anticipate and have an elevator holding to go back down to the underground. In this case they did not use the elevator but took me out the front door of the building (have no idea why) and I walked down the street, around the corner and into the underground exposed all the way to the press and Sandini, et al. Not good from a media/tracker exposure standpoint. Also probably not a good move from a security standpoint either.

A few more thoughts

We are totally on the defensive now. Cover Oregon has derailed any forward momentum. I do not want to hide from the press but to engage with them and use each opportunity to go on offense – with the full understanding that we will get Cover Oregon questions ... and should anticipate what they are and how to respond.

What is our plan for the next two months? It is written down? Who is charged with developing and executing it? How are we deploying the communications staff -- and other staff -- in the governors' office ... not to campaign but to use the

remarkable forum we have to go on the offensive and pro-actively generate legitimate news about the many fronts and issues on which we are engaged?

Incumbency (and a suite of impressive policy wins and issue that matter to Oregonian) is our most effective tool. Are we really using this to its full potential?

We have all the resources of the governor's office, a big communications staff, the opportunity to engage on almost any issue, to call meetings to which almost anyone we ask will show up; we are directly involved in all sorts of news worthy things from economic development, to public safety, to education, the environment, forestry issues, the Portland Harbor, fire season and drought preparedness, public health, etc. We have a solid campaign budget and which we continue to grow.

And yet we can't seem to compete with the free independent expenditure campaign that the Cover Oregon issue is giving to Dennis Richardson. Here are a few thoughts:

- Should we consider regular press availability?
- Should be having a weekly idea session where we decide on the issues we want to high light that week and how we will generate press – how we will use social media to drive it.
- What about being more aggressive with the radio – individual calls outside Portland – Eugene, Medford, Bend – with prerecorded actualities sent out to all the small more rural stations.
- What about regular edit board phone calls?

On the campaign side:

- Should we do a more recent and updated taping session with Mark Weiner – and open ended interview (that could include Cover Oregon stuff) that we could cut/edit and send out on a more intentional, aggressive and regular basis.
- Should I take some time each week and do something for our Face Book page.
- What about virtual town halls?

Message

From: Patricia McCaig [REDACTED]
Sent: 5/24/2014 8:36:08 PM
To: John Kitzhaber [REDACTED]
CC: Mike Bonetto [REDACTED] BONETTO PERSONAL EMAIL
Subject: Re: Debrief from Yesterday

I am so sorry that incident sent you thrashing around in the middle of the night. I hate thrashing. It's almost worse than spiraling, which is what I did last night.

We really do feel awful about you getting ambushed.

I'm going out now to get some exercise and clear my head a bit, and then I want to respond to your memo. While I'm exercising I want to review where I think we are and where we are going in light of your memo/questions because my initial reaction is that I think we are in better shape on all three fronts: 1) Cover Oregon, 2) Governor's office positive messaging action plan (aka The Summer Plan), and 3) Campaign. I need to evaluate whether yesterday's incident is symptomatic of a bigger problem within the office/campaign versus a painful oversight. I need to do it in the light of day with some blood getting to my brain - I'll be back in touch later today with some observations and actions based on your questions.

Talk to you soon, PMc

Patricia McCaig
[REDACTED]

On May 24, 2014, at 10:14 AM, John Kitzhaber wrote:

Good Morning,

I thrashed around a bit last night and got up and wrote down my thoughts on what happened yesterday for what it is worth. I will check in later today.

JK

<A Brief Debrief.docx>

Message

From: Patricia McCaig [REDACTED]
Sent: 5/25/2014 2:46:20 PM
To: John Kitzhaber [REDACTED]
CC: Mike Bonetto [BONETTO PERSONAL EMAIL]; Sean Kolmer [KOLMER PERSONAL EMAIL]; Tim Raphael [RAPHAEL PERSONAL EMAIL]
Subject: Oracle
Attachments: OracleCoverOregondocuments52314.docx; HTML Attachment.html

Good morning all,

Today we are working on the specific actions which form the basis for the Governor's announcement of his intent to pursue Oracle and hold them accountable for missed deadlines and corresponding costs to the Oregon.

I said I would compile and send around a short list of examples (attached) of Oracles performance issues identified thru third party reviews of their work -- please review and identify the two or three most appropriate for inclusion as examples in all of our proposed actions (or add other examples we missed).

To make sure we are all on the same page, the proposed list of actions currently in the works are:

- a) Governor's letter to the AG requesting expedited action to pursue damages from Oracle
- b) Governor's letter to the Oregon Investment Council/Ted Wheeler asking if the Oregon currently has money invested in Oracle and/or if so, divesting from Oracle
- c) Governor's letter to Senators Wyden, Merkley, and GAO with additional specific questions regarding Oracle's performance for inclusion in the GAO review
- d) Governor's letter to ? Inspector General/President Obama requesting ?

These actions will serve as the basis for a letter to legislative leadership, and/ or a public statement delivered sometime next week, which restates your actions to date and now adds the contractor's performance to the list of actions you've taken. The letter/statement will likely include these elements:

- re-statement of your healthcare transformation goals
- success in enrollments
- acknowledgement of website failure, independent review findings, and actions to date for state-related failures
- specific examples of contractor's performance issues
- potential costs/damages to state as a result of contractor's performance issues ????
- a strong conclusion Oracle should be held accountable, and
- announcement of the proposed actions to hold Oracle accountable.

Again, please review the attached examples and select the two or three you believe are the most helpful for building Oregon's case against Oracle that we can/should use publicly. We should have a draft for review of the letter/public statement announcing the Governor's conclusion and proposed actions later today.

Patricia McCaig

Abstract: Oracle has not met a single deadline they have set, their inability to deliver Cover Oregon environments on time impacted the testing and go-live of the project, and a lack of key personnel and commitment from Oracle negatively impacted the project. When Oracle sent in their "A Team" little changed.

Documents:

Document: Maximus January CO draft report-1.pdf

Description: January Maximus QA report draft

Highlights: Lots of comments such as **"Each time Oracle misses the target release date or releases with low quality, CO is put in a very difficult position."** These QA reports should help frame a message about Oracle's consistent poor work and disregard for meeting deadlines. This QA report also shows that OHA/CO are working well together.

More: **"The inability of Oracle to deliver defined scope on a strict timeline makes it difficult to believe they will deliver on time in the future."**

"Making statements to the Board or public based on information from Oracle is problematic given **they have not met a single deadline they have set.**" Is that true? That's a powerful condemnation. Maximus's brand is strong in the media's mind because they've played a good guy role in the overall narrative. This could be useful. Pg. 22

"Oracle SIT testers do not have a full grasp of the desired functionality of the system; therefor their testing quality is insufficient."

Document: June_Point B_Monthly Progress Report - 2013 June.pdf

Description: Point B monthly report

"First, the inability for Oracle to deliver Cover Oregon environments in a reasonable time period has already stressed the SIT 2 testing schedule and performance and could impact the ability to hit go live expectations. For example, the base FTS environment was delivered to Oracle and it took them 18 days additional days to successfully load the application. **The environments are entirely Oracle products which questions their experience in implementing their products in a mission critical, time sensitive work environment. Call and meetings with the Oracle team to resolve these issues have been uncoordinated and lacking in leadership.** Cover Oregon / Point B have been forced to drive successful resolution to Oracle's issues. The excessive time to resolve the environment issues has also impacted development due to over reliance on Siebel and Web Center resources to assist with resolution."

Document: July_Point B - Monthly Progress Report - 2013 July.pdf

Description: Point B monthly report

"First, the inability for Oracle to deliver Cover Oregon environments on time has impacted SIT testing, has impacted Performance testing and may impact the ability to hit go live expectations through use of the Production environment. The UAT test environment was late being deployed which delayed continuation of SIT testing. The

Performance environment is also late which has further constrained the ability to conduct any real performance testing. There are also reported capacity constraints within Oracle that will likely impact their ability to deliver the Production environment on time for 8/30. The core issue has been the inability for Oracle to successfully transfer application and interface code onto the prescribed environment. Though Oracle brought in an environment lead person, the calls and meetings with the Oracle team to resolve these issues have been uncoordinated and lacking in leadership. The impression is that Oracle does not understand their operational technical processes and that Oracle does not have any Standard Operating Procedure (SOP) for making these code transfers. **Cover Oregon / Point B have been forced to drive successful resolution to Oracle's issues.**"

Document: August_Point B_Monthly Progress Report - 2013 August.pdf

Description: Monthly report from Point B

"Oracle continues to struggle in building the environments. Cover Oregon expected six of eight environments implemented by August; two have been delivered. The Production environment is schedule to be delivered on 9/9. As of August, there were issues that put that date at risk.

Oracle maintains they will deliver on time. Regardless, Cover Oregon will go into Production in a Non-Production Ready (NPR) status with Oracle Managed Cloud Services."

"Oracle is behind in delivering the necessary application and data components to make the interfaces usable. We monitor and drive resolution on this work daily."

Document: September 2013_Monthly Progress Report.pdf

Description: Monthly report from Point B

"As identified in previous reports, the inability for Oracle to deliver Cover Oregon environments on time impacted SIT testing, Performance testing and ultimate had some impact on the ability to hit go live expectations through use of the Production environment. At this time, deferred environments still must be delivered including Performance, Pre-Production, Development and Integration.

There has been much less than adequate SIT and UAT testing. **It is Point B's position that Oracle did not deliver the SIT testing management that was required to provide necessary planning and execution of the various SIT testing scripts, test issue resolution and facilitation of necessary testing reporting.** Point B supplemented this effort with Stefan Long to provide the coordination, planning and facilitation for this effort."

"Oracle continues to struggle in building the environments. Cover Oregon expected six of eight environments implemented by August; three have been delivered."

Document: October 2013_Point B_Monthly Progress Report.pdf

Description: Point B monthly report

"Oracle onsite commitment: **The lack of key personnel (not just management) presence onsite at Cover Oregon has been a recurring problem throughout the history of the project.** This problem is now heightened given the difficult go live and the short time frame for resolution. Recently, key Oracle team members left the "Non-financial assistance enrollment" sprint team to travel home on Thursday with no advance warning. This essentially shut down

progress. When this was presented to Oracle in the daily 9 am meeting, they offered no apology, excuse or resolution. **This calls into question their commitment to resolving the technical problems during such a critical time period.** Issues were also reported ad hoc that Oracle development staff had demonstrated a low level of concern for resolving technical issues on the Sprint team.”

Document: Point B - Cover Oregon MOnthly Progress Report November 2013

Description: monthly progress report from Point B

“Oracle has brought in their “A” team to resolve the situation. So far, there has been limited or no improvement.”

Message

From: Mike Marshall [REDACTED]
Sent: 5/27/2014 12:08:50 AM
To: Patricia McCaig [REDACTED]
CC: Cylvia Hayes [REDACTED]; John Kitzhaber [REDACTED]; Bill Wyatt, (SL) [REDACTED]; Robinhold Curtis [REDACTED]; Tom Imeson [REDACTED]; Steve Marks [REDACTED]; Stephen Bella [REDACTED]; Scott Nelson [REDACTED]; Dan Carol [REDACTED]; Tim Raphael [REDACTED]; Bonetto [REDACTED] [BONETTO PERSONAL EMAIL]; Mark Wiener [REDACTED]; Jan Murdock [REDACTED]
Subject: Re: Area 51 Schedule

A reminder that we will be meeting tomorrow in person at noon at the campaign [REDACTED]. We will provide lunch so please confirm that you will attend in person and let Jan know if you have dietary restrictions [REDACTED].

On Mon, May 19, 2014 at 1:03 PM, Patricia McCaig [REDACTED] wrote:
Good morning,

All, meet Mike Marshall, Mike meet Area 51. Mike starts today as campaign manager and already has a full plate. He has plan to reach out to each of you before the next Area 51 meeting.

To get up and running **we are canceling tomorrow's AREA 51 call and scheduling a LIVE meeting, for those who can attend, next Tuesday at 12:00 in Portland.** That meeting will be held on the [REDACTED] (conference room number to follow). We will send out an agenda and call-in number later in the week for those unable to attend in person.

Patricia McCaig
[REDACTED]

--
Mike Marshall
Campaign Manager
John Kitzhaber for Governor
[REDACTED]

Message

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Sent: 5/27/2014 5:23:44 PM
To: Mike Marshall [redacted] [johnkitzhaber.com]
Subject: Re: Area 51 Schedule

Mike -

I most likely won't be on the call today...working through some issues with PMc.

thx,
MB

On Mon, May 26, 2014 at 5:08 PM, Mike Marshall [redacted] [johnkitzhaber.com] wrote:

A reminder that we will be meeting tomorrow in person at noon at the campaign [redacted]
[redacted] We will provide lunch so please confirm that you will attend in person and let Jan know if you have dietary restrictions [redacted]

On Mon, May 19, 2014 at 1:03 PM, Patricia McCaig [redacted] wrote:

Good morning,

All, meet Mike Marshall, Mike meet Area 51. Mike starts today as campaign manager and already has a full plate. He has plan to reach out to each of you before the next Area 51 meeting.

To get up and running **we are canceling tomorrow's AREA 51 call and scheduling a LIVE meeting, for those who can attend, next Tuesday at 12:00 in Portland.** That meeting will be held on the [redacted] (conference room number to follow). We will send out an agenda and call-in number later in the week for those unable to attend in person.

Patricia McCaig
[redacted]

--

Mike Marshall
Campaign Manager
John Kitzhaber for Governor
[redacted]

Message

From: Patricia McCaig [REDACTED]
Sent: 5/28/2014 4:54:03 AM
To: John Kitzhaber [REDACTED]
CC: Mike Bonetto [BONETTO PERSONAL EMAIL]; Tim Raphael [RAPHAEL PERSONAL EMAIL]
Subject: AG Letter
Attachments: NewAGletterTim.docx; HTML Attachment.html; NewIGletterTim.docx; HTML Attachment.html; Dear Senators_Tim.docx; HTML Attachment.html; OracleKitzstatement-4.doc; HTML Attachment.html

Governor,

Attached you have the AG letter, letter to the Inspector General, and letter to Senators Wyden and Merkley. You also have a rough draft of your statement for Thursday. The most important piece for your review tonight/early a.m. is the AG letter. It is very similar to the one I sent earlier. As you'll see, the AG letter frames the other two letters to the Inspector General and Wyden/Merkley.

Your approval/comments to the AG letter will trigger the process to get this all going tomorrow morning. If you approve we hope to get a call scheduled with you and AG Rosenblum between 10-11 as you drive up from Roseburg tomorrow. We need to know the AG's reaction before we proceed any further.

Let us know what you think.....PMc

Patricia McCaig
[REDACTED]

Dear Attorney General Rosenblum,

I am writing today to ask you to immediately initiate legal action to recover payments and other damages from Oracle, Cover Oregon's primary website developer.

On March 20, 2014, my office forwarded to your staff and our outside counsel First Data's independent review of the development of the Cover Oregon website. I asked you to evaluate the work performed by Oracle and consider the full range of legal avenues and options for protecting the state's investment to date.

Since March 20th I have exercised my executive authority to initiate a set of state actions and reforms addressing the key findings from the First Data report, including:

- Replacing leadership at Cover Oregon and the Oregon Health Authority, including the director and top technology and operational staff.
- Conducting a statewide inventory and assessment of state information technology projects and a review of contracting practices.
- Convening a technology expert review committee to recommend a technology path to ensure Oregonians have access to a working website this year to purchase health care coverage.
- Bringing in a reorganization team to conduct a top to bottom review of Cover Oregon and restructure it to prepare for the transition to federal exchange technology.
- Designating a single point of control overseeing the Medicaid and HCP transitions.

I have held, and will continue to hold, state agencies and staff accountable. Now it is time to hold the state's main contractor, Oracle, accountable for its failures in delivering a working website.

First, Oracle promised something it did not deliver. Based on the First Data report, it is clear the company did not properly assess the amount of work necessary to build the website, significantly underestimating the amount of customization needed to complete the project. A key reason Oracle was selected in 2011 was because it estimated it would need to customize only about 5% of its product. However, a May 2013 assessment report highlighted that the actual customization turned out to be over 40%. The increase in custom configuration increased the cost, time, and complexity of completing the Cover Oregon website – ultimately jeopardizing the entire project. First Data's investigation found, "A consistent theme...that the continued reassurance of Oracle led Cover Oregon to believe the October rollout was achievable, and Cover Oregon, therefore, continued to reassure the state."

Second, the First Data report also highlighted that the quality of the work Oracle did deliver was below industry standards, often incomplete and routinely late. Maximus, the consultant responsible for quality control assessments throughout the project, detailed a pattern of underperformance and missed deadlines throughout 2012 and 2013. Report findings include:

- "Oracle continues to underperform." (January 2013)
- "Oracle continues to post dates for specific deliveries and consistently miss targets..." (January 2013)

- “Oracle’s performance is lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review.” (January 2013)
- “Each time Oracle misses the target release date or releases with low quality, Cover Oregon is put in a very difficult position.” (September 2013)
- “The inability of Oracle to deliver defined scope on a strict timeline makes it difficult to believe they will deliver on time in the future.” (September 2013)

Since the failed website launch in October 2013, Oracle’s performance has not improved. Serious underperformance by Oracle has continued and is reflected in more recent assessments of Cover Oregon. In late February 2014, a CMS Technical Assistance report mentioned the following: numerous examples of Cover Oregon requesting testing and variance reports, and Oracle refusing to provide them; Oracle’s apparent lack of appropriate staffing skillset—“a possible example of throwing bodies rather than skillset at a problem.”; Oracle’s continued departure away from industry standards and best practices in monitoring and system tracking; Oracle staff members’ lack of extensive knowledge and experience in a formal software development life cycle; and a number of recommendations urging the state to “transition control and ownership of the system architecture away from” Oracle so that Oregon could consider alternatives.

I met with Oracle executives In February, and they made it clear to me that they take no responsibility for the failure to deliver a working website. As governor, I plan to utilize all the tools available to the State of Oregon to hold Oracle accountable. Today, in addition to my request for state legal action, I made two appeals for federal action against Oracle:

1. I wrote to U.S. Health and Human Services Inspector General Daniel Levinson urging him to take legal action to recover damages from Oracle, because I believe the federal government has a similar but distinct interest in recovering public investments.
2. I have requested U.S. Senators Ron Wyden and Jeff Merkley to use their oversight authority to help investigate and recoup taxpayer dollars paid to Oracle. As Chair of the U.S. Senate Committee on Finance, with jurisdiction over the Affordable Care Act, Senator Wyden is well-positioned to examine the company’s performance and accountability.

Oracle’s shortcomings and failures to deliver create numerous potential claims for the state. Specifically, I believe Oregon’s False Claims Act provides a strong basis for recovery against Oracle. For the benefit of taxpayers and the significant public investment to date, I urge you to act. I stand ready to support your efforts in any way possible, and I look forward to your response.

Dear Inspector General Levinson,

Today, I asked Oregon Attorney General Ellen Rosenblum to immediately initiate legal action to recover payments and other damages from Oracle, Cover Oregon's primary website developer. I believe the federal government has a similar but distinct interest in protecting the public's investment, and I urge you to evaluate the work performed by Oracle and consider the full range of legal options.

Enclosed please find my correspondence with Attorney General Rosenblum as well as the findings of an independent review I commissioned to help determine what went wrong with Cover Oregon's failed website and what steps we could take to improve project management and safeguard public investments while pursuing our commitment to improve Oregonians' access to quality, affordable health.

I have acted on the findings with a series of actions and reforms. I have held, and will continue to hold, state agencies and staff accountable. Now it is time to hold Oracle accountable for its failures in delivering a working website. Quality control assessments and other reviews throughout the project detail a pattern of Oracle's underperformance, missed deadlines and poor project management.

Oracle's shortcomings and failures to deliver create numerous potential claims for the state and federal government. Specifically, I believe the False Claims Act at both the state and federal levels provides a strong basis for recovery against Oracle. For the benefit of taxpayers and the significant public investment to date, I urge you to act. I stand ready to support your efforts in any way possible, and I look forward to your response.

Dear Senators Wyden and Merkley:

Today I asked Inspector General Daniel Levinson and Oregon Attorney General Ellen Roseblum to immediately initiate legal action to recover payments and other damages from Oracle, Cover Oregon's primary website developer. Specifically, I believe the False Claims Act at both the state and federal levels provides a strong basis for recovery against Oracle.

I have held, and will continue to hold, state agencies and staff accountable for Cover Oregon's failed website. Oversight was a problem at Cover Oregon, and I have exercised my executive authority to initiate a set of state actions and reforms to improve project management, safeguard public investments and improve Oregonians' access to quality, affordable health care, including:

- Replacing leadership at Cover Oregon and the Oregon Health Authority, including the director and top technology and operational staff.
- Conducting a statewide inventory and assessment of state information technology projects and a review of contracting practices.
- Convening a technology expert review committee to recommend a technology path to ensure Oregonians have access to a working website this year to purchase health care coverage.
- Bringing in a reorganization team to conduct a top to bottom review of Cover Oregon and restructure it to prepare for the transition to federal exchange technology.
- Designating a single point of control overseeing the Medicaid and HCP transitions.

Now is the time to hold the state's main contractor, Oracle, accountable for its failures in delivering a working website.

In March I wrote to you requesting your support to include Oracle-related performance as part of the GAO's review of Cover Oregon. I am following up on that request. I believe that it is imperative that we build upon the considerable efforts Oregon has taken to hold itself accountable for our own missteps by holding Oracle accountable for its failures. Your individual support, and the oversight authorities provided to you as members of the U.S. Senate, will be instrumental to our efforts to recoup those taxpayer dollars Oregon paid to Oracle for the construction of a fully functioning health insurance exchange website.

Additionally, Senator Wyden, as the chair of the committee with jurisdiction over Affordable Care Act, I am writing to ask you to support Oregon's efforts to recover federal dollars that went to Oracle by using your committee to examine their performance and accountability.

Again, for the benefit of all Oregonians and the significant public investment to date, thank you for your leadership and commitment, and I stand ready to support your efforts in any way possible.

Good afternoon. Before you begin with your regular agenda and updates, I appreciate you allowing me a few minutes to discuss steps I'm taking to demand further accountability and recover the public's investment in Cover Oregon as we continue to ensure Oregonians have better access to quality, affordable health care.

As you know, we have already taken a number of actions to respond to the failed website and technology at Cover Oregon. We brought in outside investigators to review the project, to identify the mistakes that were made and to make recommendations for how best to move forward. And we are following through on those recommendations -- holding ourselves accountable and replacing those in state government who were responsible for its day-to-day management. We are also making progress moving away from the failed technology and toward a reliable enrollment process with the federal exchange that will ensure Oregonians have better access to health care.

But we have unfinished business. I have prioritized cleaning up our own house before reviewing and commenting on the performance and failings of Oracle, Cover Oregon's primary website developer.

We have acknowledged that oversight was a problem at Cover Oregon. But better oversight would only have given us a clearer and earlier picture of Oracle's poor performance. Oracle did not deliver. The poor quality of its work is obvious in the many bugs that are still not fixed, in missed deadlines, in the fundamental flaws in the system's architectural that limit what is salvageable, and in the independent assessments and quality assurance reports that concluded Oracles work was regularly incomplete, routinely late and below industry standards.

From First Data's independent assessment to Maximus' quality control assessments to CMS's Technical Assistance report earlier this spring -- all reviews have detailed a pattern of underperformance, missed deadlines and poor project management.

Most troubling of all, are those allegations that seem to point to Oracle's lack of respect towards its customers in Oregon. One Oracle reviewer's report ends by calling into question "their commitment to resolving technical problems during such a critical time."

Oracle's failure is unacceptable to Oregonians who need and deserve quality health care and have been faced with months of uncertainty, confusion and delays. It is unacceptable to taxpayers who expect competent work and efficient and effective services for the investment they make in public infrastructure. And it is unacceptable to me and my commitment and responsibility to this state.

From the time that I began practicing emergency room medicine in Roseburg, improving the lives and health of Oregonians has been my single overarching professional and political goal. Despite the success of our Coordinated Care Organizations to reduce costs and improve health outcomes and our efforts to enroll more eligible Oregonians through expanding Medicaid, the failed rollout of the Cover Oregon website has cast a shadow on those reform efforts and rightfully led many of question the ability of government to oversee complex IT projects.

For all of the failures, no failure stands out more starkly than Oracle's failure to deliver technology that worked on the timelines they committed to. Today, the time has come to hold Oracle accountable for their failures and misrepresentations.

I have written to the Inspector General of the U.S. Department of Health and Human Services, Daniel Levinson and Oregon Attorney General Ellen Rosenblum, urging both to file suit against Oracle on behalf of the federal government and the State of Oregon. And I directed outside counsel to begin preparing for a legal battle.

I have asked them to immediately initiate legal action to recover payments and other damages from Oracle. Specifically, I believe the False Claims Act at both the state and federal levels provides a strong basis for recovery against Oracle.

I have also written to our U.S. Senators, Ron Wyden and Jeff Merkley requesting they use their oversight authority to help investigate and recoup taxpayer dollars paid to Oracle. As Chair of the U.S. Senate Committee on Finance, with jurisdiction over the Affordable Care Act, Senator Wyden is well-positioned to examine the company's performance and accountability. The state and federal government can and should work together to recoup those lost taxpayer dollars.

Finally, we are fully collaborating with the investigation being led by the United States Department of Justice in the hope that its findings will contribute to a successful legal outcome against Oracle.

Let me be clear. I believe the law is on our side. I believe justice is on our side. I also understand that Oracle is a large corporation, the second largest software company in the world, and it will undoubtedly fight us tooth and nail, but I will not allow that to stop us from recovering the money Oracle received for technology that did not work and was not delivered on time.

I am confident that with the actions we have taken – and are taking today – and that with the continued dedication and hard work of the thousands of Oregonians engaged in transforming the delivery of health care in Oregon ... we will succeed. From health care providers and hospital administrators to Democratic and Republican lawmakers to agents, community partners and small business owners to the dedicated state workers helping fellow Oregonians everyday – we are moving forward to make this system work.

We will succeed in improving the lives of Oregonians with better health and better care at lower costs. I'm not saying it's going to be easy or that we won't face new challenges, but I am saying that Oregon will continue to be the place where we face problems head on, and we come together to solve them.

If you have questions, I am happy to answer them.

Message

From: Tim Raphael [RAPHAEL CONSULTANT EMAIL]
Sent: 5/28/2014 2:24:45 PM
To: John Kitzhaber [REDACTED]
CC: Patricia McCaig [REDACTED]; Mike Bonetto [BONETTO PERSONAL EMAIL]
Subject: Re: <no subject>

The changes look good to me...

Tim



Tim Raphael
Senior Vice President



On May 28, 2014, at 7:16 AM, John Kitzhaber [REDACTED] wrote:

Attached are my edits to the AG letter, Inspector General letter and letter to our senators. My changes to the first two documents are red-lined. I could not get my computer to track changes to senator letter so I highlighted the changes which simply mirror the redlines changes in the AG letter.

This all looks good. I will work on my statement in the car this morning. Obviously need to run the trap line with AG, CMS and our Senators. Also still need clarity on the issue of remaining contracts with Oracle.

I will call when I hit the road.

Thanks,

JK

<AG LETTER.docx><Inspector General Letter.docx><Letter to Senators.docx>



Message

From: Patricia McCaig [REDACTED]
Sent: 5/29/2014 12:50:12 AM
To: [REDACTED]
CC: Tim Raphael [RAPHAEL PERSONAL EMAIL]; Duke Shepard [REDACTED]; Dmitri Palmateer [PALMATEER PERSONAL EMAIL]; Nkenge Johnson [HARMON JOHNSON CONSULTANT EMAIL]; Sean Kolmer [REDACTED]
Subject: Re: latest versions....need to connect toni ght 6pm

I don't believe these are the latest versions. The ag letter still has the false claims act language in the closing paragraph.

Patricia McCaig

[REDACTED]

On May 28, 2014, at 5:32 PM, Gmail wrote:

Here are the latest versions...

- 1) AG letter
- 2) IG letter
- 3) Wyden-Merkley letter
- 4) Q&As...still need work
- 5) Gov's statement

Would like to get everyone on the phone at **6pm tonight** to discuss details/process for tomorrow

Call in:

[REDACTED]

<AG LETTER5pmMay28.docx>
<Letter to Senators5pmMay28.docx>
<Inspector General Letter5pmMay28.docx>
<Draft Oracle Q&As_v1.docx>
<JK Oracle Statement -- FINAL.docx>

Message

From: Mike Bonetto [BONETTO PERSONAL EMAIL]
Sent: 5/29/2014 2:04:01 PM
To: Tim Raphael [RAPHAEL CONSULTANT EMAIL]
CC: John Kitzhaber [REDACTED]; Patricia McCaig [REDACTED]
Subject: Re: Plan

Me too

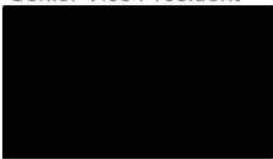
Sent from my iPhone

On May 29, 2014, at 6:51 AM, Tim Raphael [RAPHAEL CONSULTANT EMAIL] wrote:

I'm available

<A354E1CF-2D7B-434A-88A7-52B04C311AE1[10].png>

Tim Raphael
Senior Vice President



On May 29, 2014, at 6:38 AM, John Kitzhaber [REDACTED] wrote:

Would like to talk briefly as soon as you folks are up.]

Thanks.

JK

Message

From: John Kitzhaber [REDACTED]
Sent: 5/29/2014 2:18:39 PM
To: Mike Bonetto [BONETTO PERSONAL EMAIL]; Tim Raphael [RAPHAEL CONSULTANT EMAIL]; Patricia McCaig [REDACTED]
Subject: talk to you at 8
Attachments: JK Oracle Statement -- FINAL.doc

Good afternoon. Before you begin with your regular agenda and updates, I appreciate you allowing me a few minutes to discuss steps I'm taking to demand further accountability and recover the public's investment in Cover Oregon as we continue to ensure that the people of this state have better access to quality, affordable health care.

As you know, I have already taken a number of actions to respond to the failed website at Cover Oregon. I commissioned First Data to conduct an independent review the project, to identify the mistakes that were made and to make recommendations for how best to move forward. And I have following through on those recommendations -- holding accountable those in the Oregon Health Authority and at Cover Oregon whose decisions contributed to the failure to deliver a working website.

We are also making progress moving away from the failed technology and toward a reliable enrollment process with the federal exchange that will ensure Oregonians have better access to health care.

But we have unfinished business. I have prioritized cleaning up our own house before reviewing and commenting on the performance and failings of Oracle, Cover Oregon's primary website developer.

We have acknowledged that oversight was a problem at Cover Oregon. But better oversight would only have given us a clearer and earlier picture of Oracle's poor performance. Oracle did not deliver. The poor quality of its work is obvious in the many bugs that are still not fixed, in missed deadlines, in the fundamental flaws in the system's architecture, and in the independent assessments and quality assurance reports that concluded Oracles work was regularly incomplete, routinely late and below industry standards.

From First Data's independent assessment to Maximus' quality control assessments to CMS's Technical Assistance report earlier this spring – all reviews have detailed a pattern of underperformance, missed deadlines and poor project management.

Most troubling of all, are those allegations that seem to point to Oracle's lack of respect towards its customers in Oregon. One Oracle reviewer's report ends by calling into question "their commitment to resolving technical problems during such a critical time."

Oracle's failure is unacceptable to Oregonians who need and deserve quality health care and have been faced with months of uncertainty, confusion and delays. And it is unacceptable to me and my commitment and responsibility to this state.

From the time that I began practicing emergency room medicine in Roseburg in 1974 improving the lives and health of Oregonians has been my single overarching professional and political goal. Despite the success of our Coordinated Care Organizations to reduce costs and improve health outcomes and our efforts to enroll more eligible Oregonians through expanding Medicaid, the failed rollout of the Cover Oregon website has cast a shadow on those reform efforts, the success of which are crucial to Oregon's future.

The time has come to hold Oracle accountable for their failure to deliver technology that worked on the timelines they committed to. Today I have asked Oregon Attorney General Ellen Rosenblum to immediately initiate legal action to recover payments and other damages from Oracle.

I have written to the Inspector General of the U.S. Department of Health and Human Services, Daniel Levinson urging him to evaluate the work performed by Oracle and to consider the full range of legal options.

I have also written to our U.S. Senators, Ron Wyden and Jeff Merkley requesting they use their oversight authority to help investigate and recoup taxpayer dollars paid to Oracle. As Chair of the U.S. Senate Committee on Finance, with jurisdiction over the Affordable Care Act, Senator Wyden is well-positioned to examine the company's performance and accountability. The state and federal government can and should work together to recoup those lost taxpayer dollars.

Finally, we are fully collaborating with the investigation being led by the United States Department of Justice in the hope that its findings will contribute to a successful legal outcome against Oracle.

Let me be clear. I believe the law is on our side. I believe justice is on our side. I also understand that Oracle is a large corporation, the second largest software company in the world, and it will undoubtedly fight us tooth and

nail, but I will not allow that to stop us from recovering the money Oracle received for technology that did not work and was not delivered on time.

I am confident that with the actions we have taken – and are taking today – and that with the continued dedication and hard work of the thousands of Oregonians engaged in transforming the delivery of health care in Oregon ... we will succeed. From health care providers and hospital administrators to Democratic and Republican lawmakers to agents, community partners and small business owners to the dedicated state workers helping fellow Oregonians everyday — we are moving forward to make this system work.

We will succeed in improving the lives of Oregonians with better health and better care at lower costs. I'm not saying it's going to be easy or that we won't face new challenges along the way -- but I am saying that Oregon will continue to be the place where we face problems head on, and we come together to solve them.

If you have questions, I am happy to answer them.

Message

From: Patricia McCaig [REDACTED]
Sent: 5/29/2014 5:02:25 PM
To: Gmail Bonetto [REDACTED]; Dmitri Palmateer [REDACTED]; Tim Raphael
Subject: Metz comments - can someone get them to JK?

General thoughts from Dave -- I've talked to him about the risks we talked about this morning. He is totally supportive of moving forward, even if someone were to raise the questions of whether the timing was politically motivated. He does not believe that argument matters in the larger context of what the public wants/expects/needs. He thinks your statement is good and the leadership is important.

Other comments from Dave:

Maybe cite more examples in terms of action and results from the governor's efforts – contracts cut off, spending halted, money saved?

- moving to the federal exchange might be worth mentioning
- talk about what the goal of the program was, and Oregon's progress in accomplishing it. The whole point here was to get more people covered, and the Gov and administration have gotten that done and will continue to do so. As we saw, this worked in the polling. And I think it's an important part of the narrative. We aren't out \$250M with nothing to show; we have a lot to show, and now the Governor is doing everything in his power to get back the portion of the money that wasn't used effectively.

Patricia McCaig
[REDACTED]

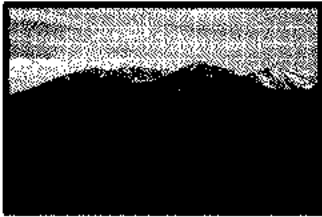
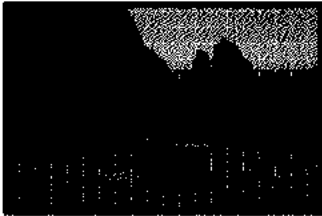
To: John Kitzhaber [REDACTED]
From: Patricia McCaig
Sent: 2014-05-09T05:15:29Z
Subject: Metz slides
Received: 2014-05-09T05:15:58Z
220-3861 Kitzhaber May Survey Results - Draft 2B.pptx

Here's what Dave produced for today - there's more to come, we pushed to get this together to help inform Cover Oregon and take advantage of his being here on the tax piece. I have not distributed this to anyone else yet.

Your re-elect numbers are on slide 9.

Patricia McCaig





Assessing the 2014 Gubernatorial Election

*Key Findings From a Statewide
Voter Survey*

May 1-4, 2014

220-3861

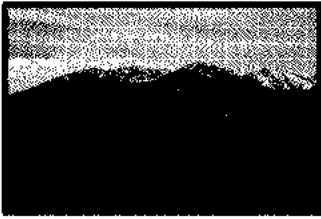
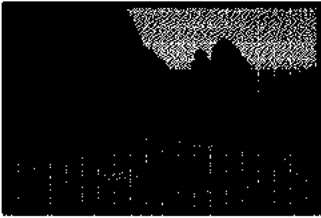
Fairbank, Maslin, Maullin, Metz & Associates - FM3
Public Opinion Research & Strategy

SANTA MONICA • OAKLAND • MADISON • MEXICO CITY

Methodology

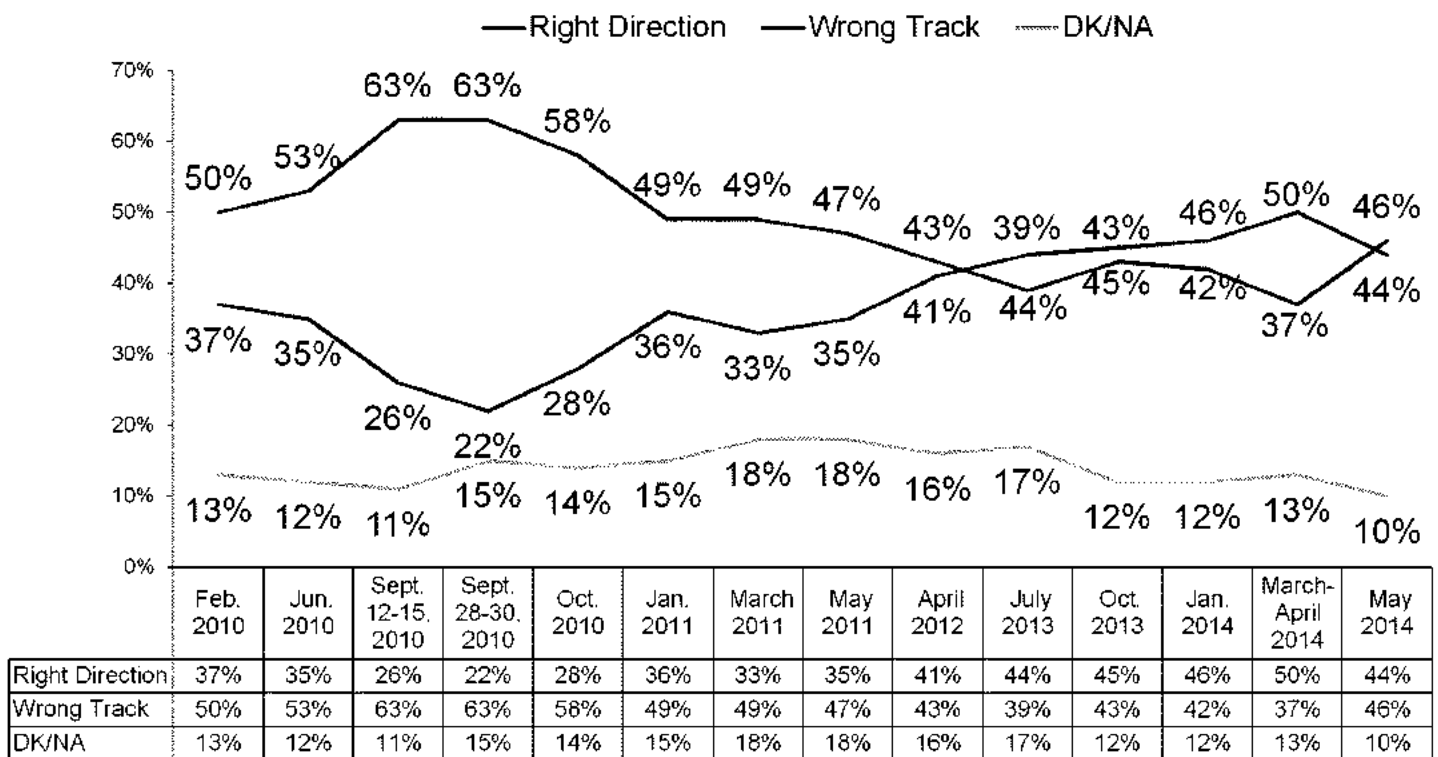
- Telephone survey of 602 randomly-selected likely November 2014 Oregon voters.
 - ✓ *Interviews were conducted via landline and cell phones*
 - ✓ *Survey was conducted May 1-4, 2014*
- The margin of sampling error is +/-4.0 % at the 95% confidence level.
 - ✓ *Margins of error for population subgroups will be higher*
 - ✓ *Some percentages do not sum to 100% due to rounding*
- Selected comparisons to prior surveys dating back to 2009





Perceptions of Governor Kitzhaber

Perceptions of the state's direction have taken a more negative turn over the past month.

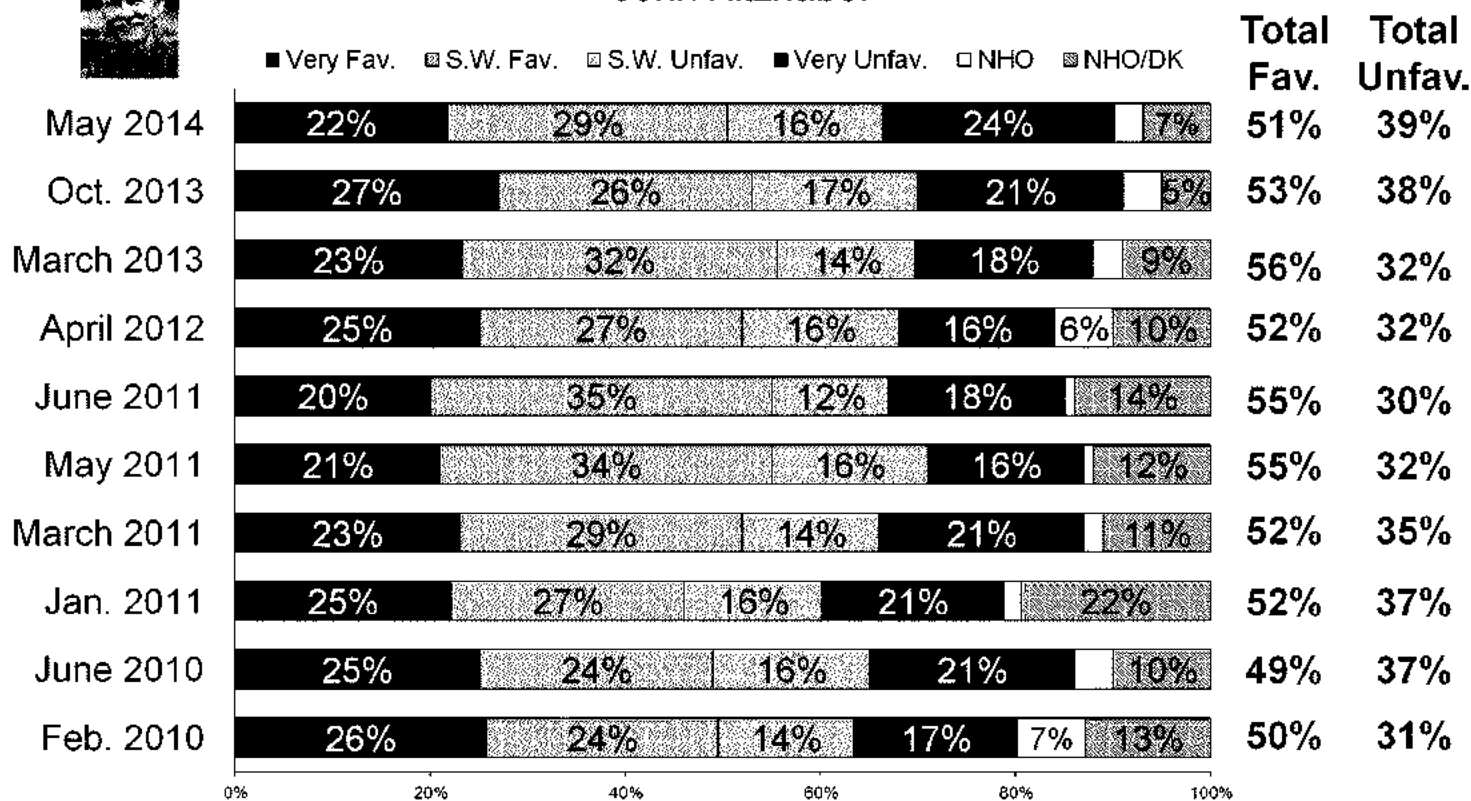


1. Would you say that things in the State of Oregon are generally headed in the right direction or do you feel that things are pretty seriously off on the wrong track?

Governor Kitzhaber's favorability has trended slightly more negative, but has not changed dramatically...



John Kitzhaber

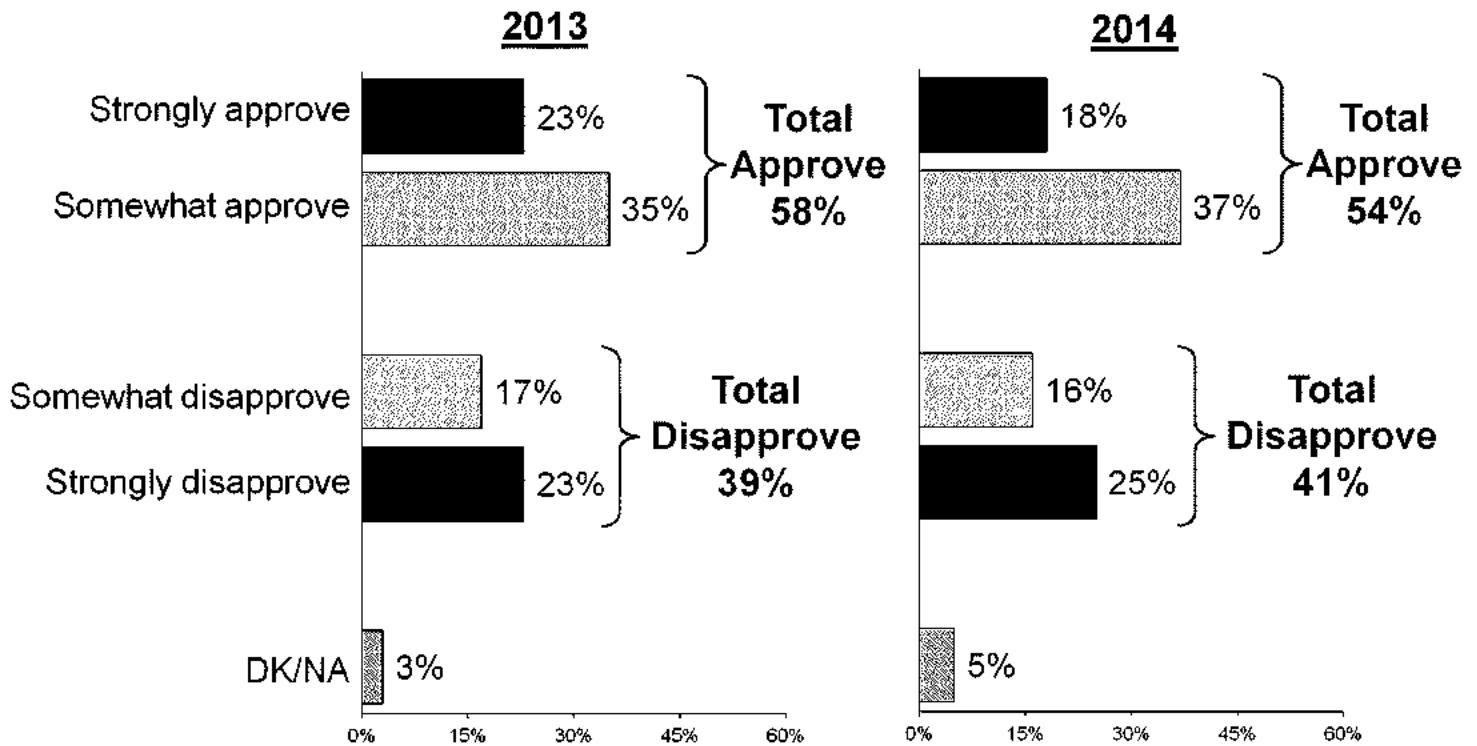


Available: Monday, Monday, May 12, 2014, 10:00 AM
 2014-05-12 10:00 AM
 2014-05-12 10:00 AM

2a. I'm going to read you the names of some people and organizations active in public life. For each you have heard of, please tell me whether you have a very favorable, somewhat favorable, somewhat unfavorable or very unfavorable opinion of that person or group.

...although his approval rating has dropped more notably since October.

In general, do you approve or disapprove of the job that John Kitzhaber has been doing as Governor?



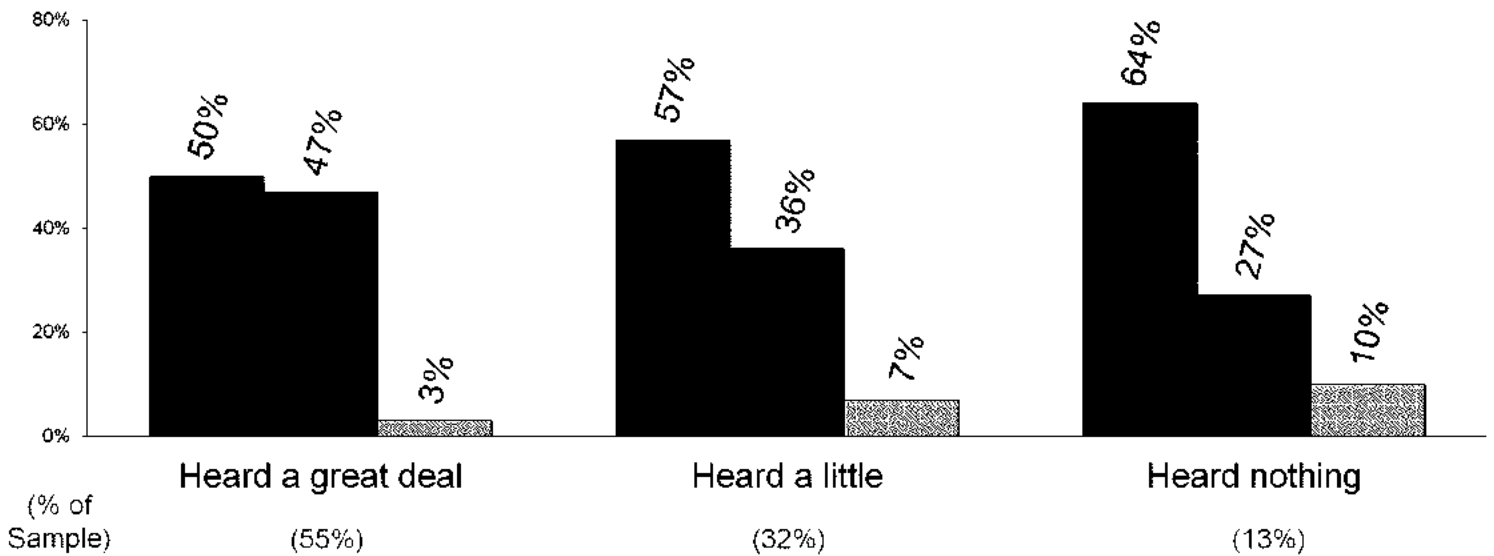
Portland, Maine, Maine Medical Association - PMA
 and University of Maine
 SAULT MOULIER - HAZELTON - MADISON - WASHINGTON

Q3.

Those following issues with Cover Oregon most closely tend to be more negative toward the Governor.

Job Approval by Cover Oregon Awareness

■ Total Approve ■ Total Disapprove ■ Undecided

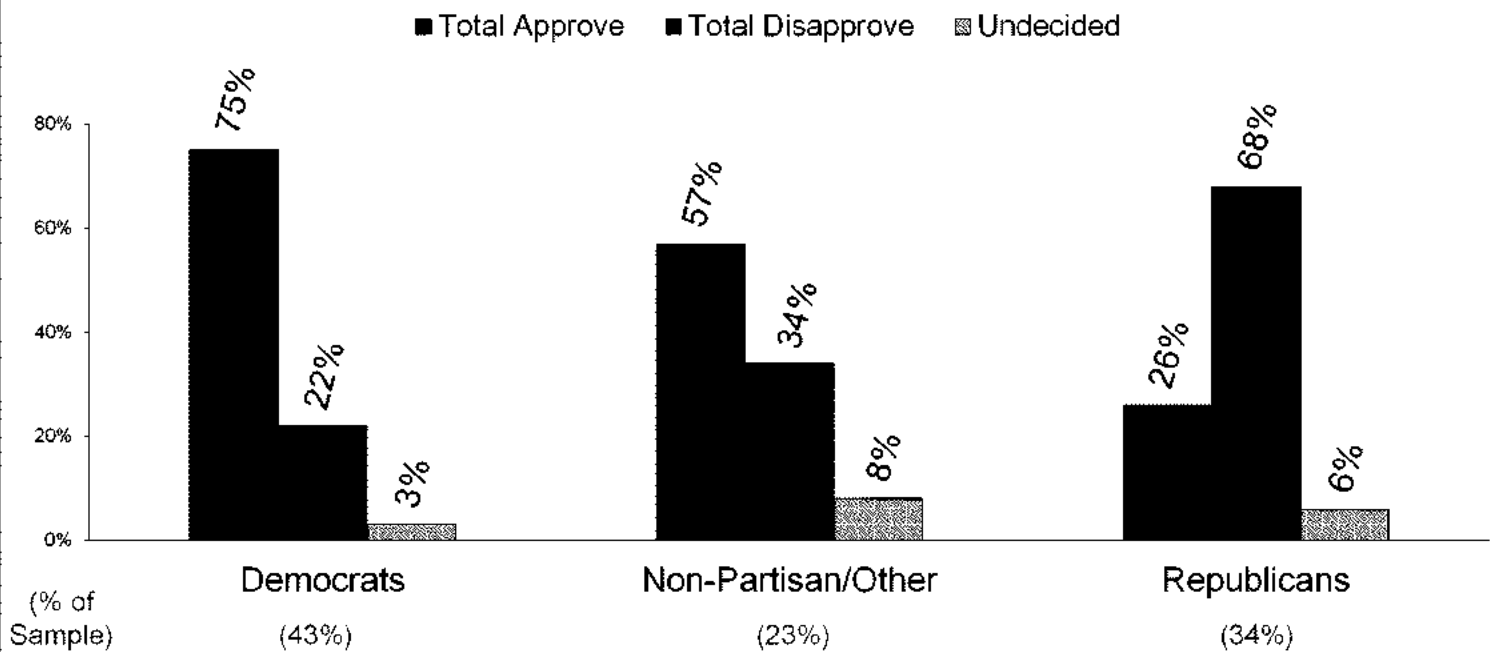


Forrest, Mow, Munk, Merrill Associates, PLLC
 1000 Washington Street
 Seattle, WA 98101
 206.461.1100

3. In general, do you approve or disapprove of the job that John Kitzhaber has been doing as Governor?

While Republicans are sharply negative toward Kitzhaber, his numbers among independents remain strong.

Job Approval by Party



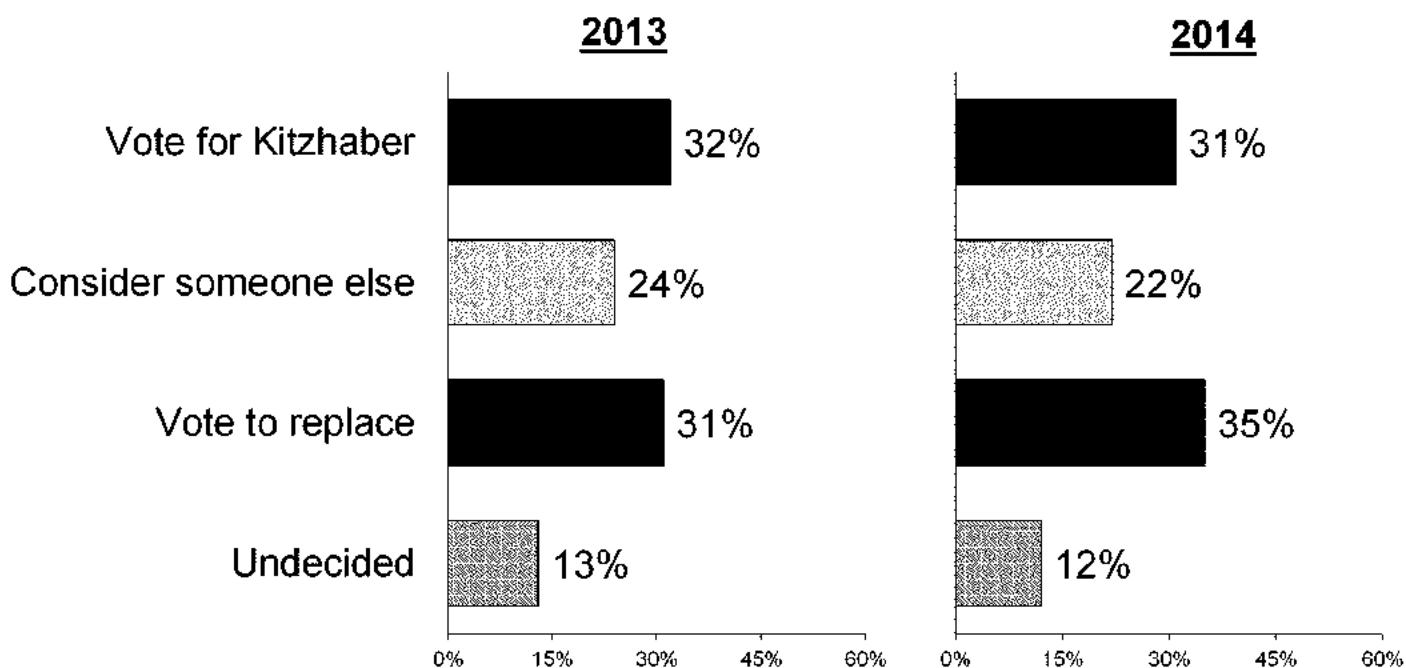
Portland, Oregon, March 14-15, 2008
 1,000 Oregonians
 3. In general, do you approve or disapprove of the job that John Kitzhaber has been doing as Governor?
 1000 NOV 13 - 03-15-08 - MAPS 05 - 0000 - 100

3. In general, do you approve or disapprove of the job that John Kitzhaber has been doing as Governor?

Governor Kitzhaber's re-elect has held fairly steady since last year – but remains very soft.



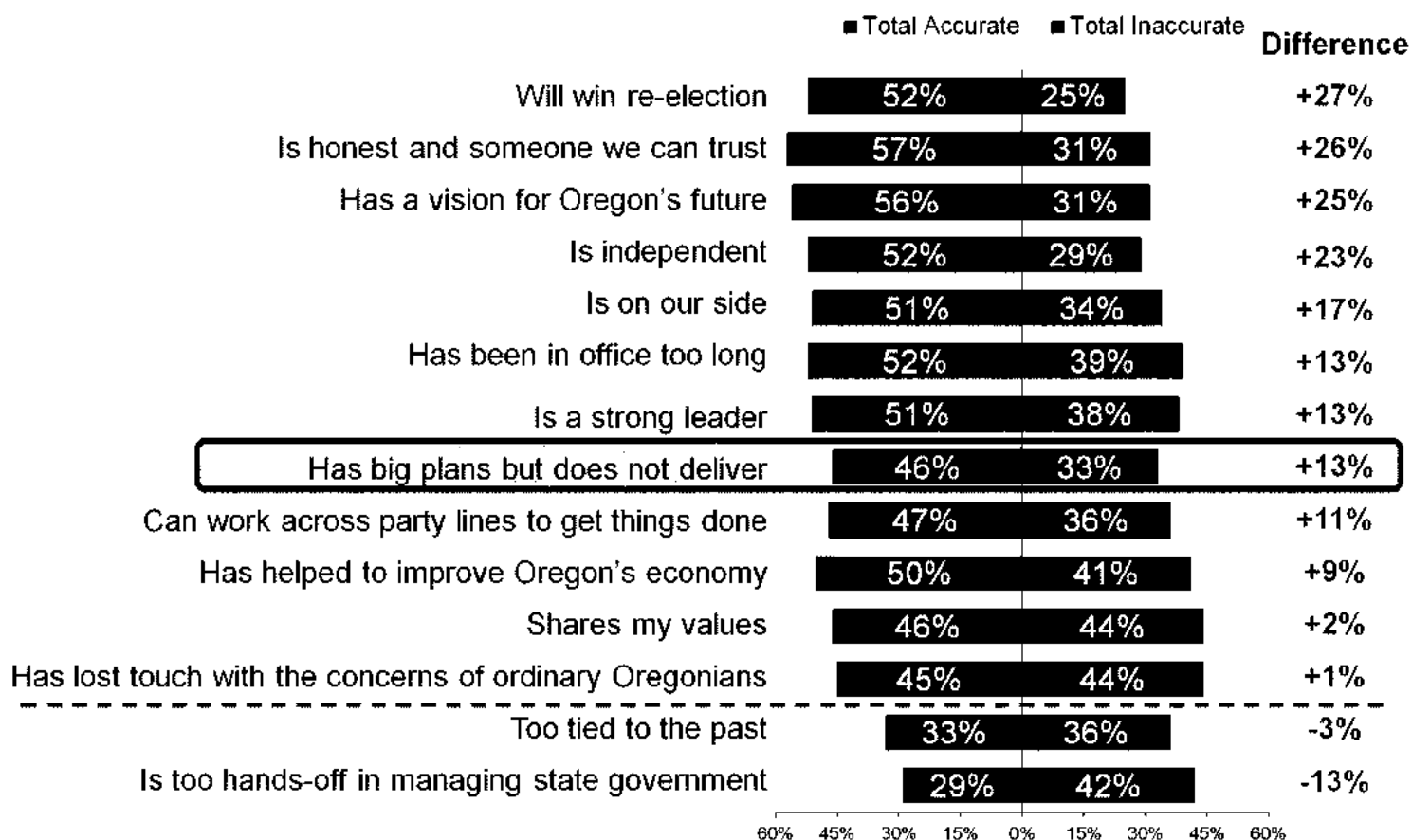
In next November's election, do you think you will vote for Governor John Kitzhaber, will you consider voting for someone else, or do you think you will vote to replace him?

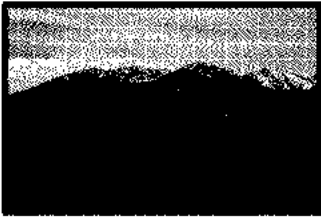
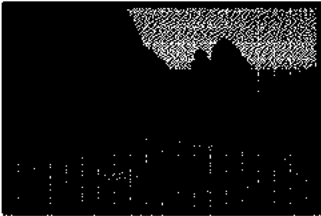


Portland, Maine, Greater Portland Association - PMA
and Greater Portland Area
NAVEL, WHEELER, HAZKARD, MADISON, WESTON CITY

Q4.

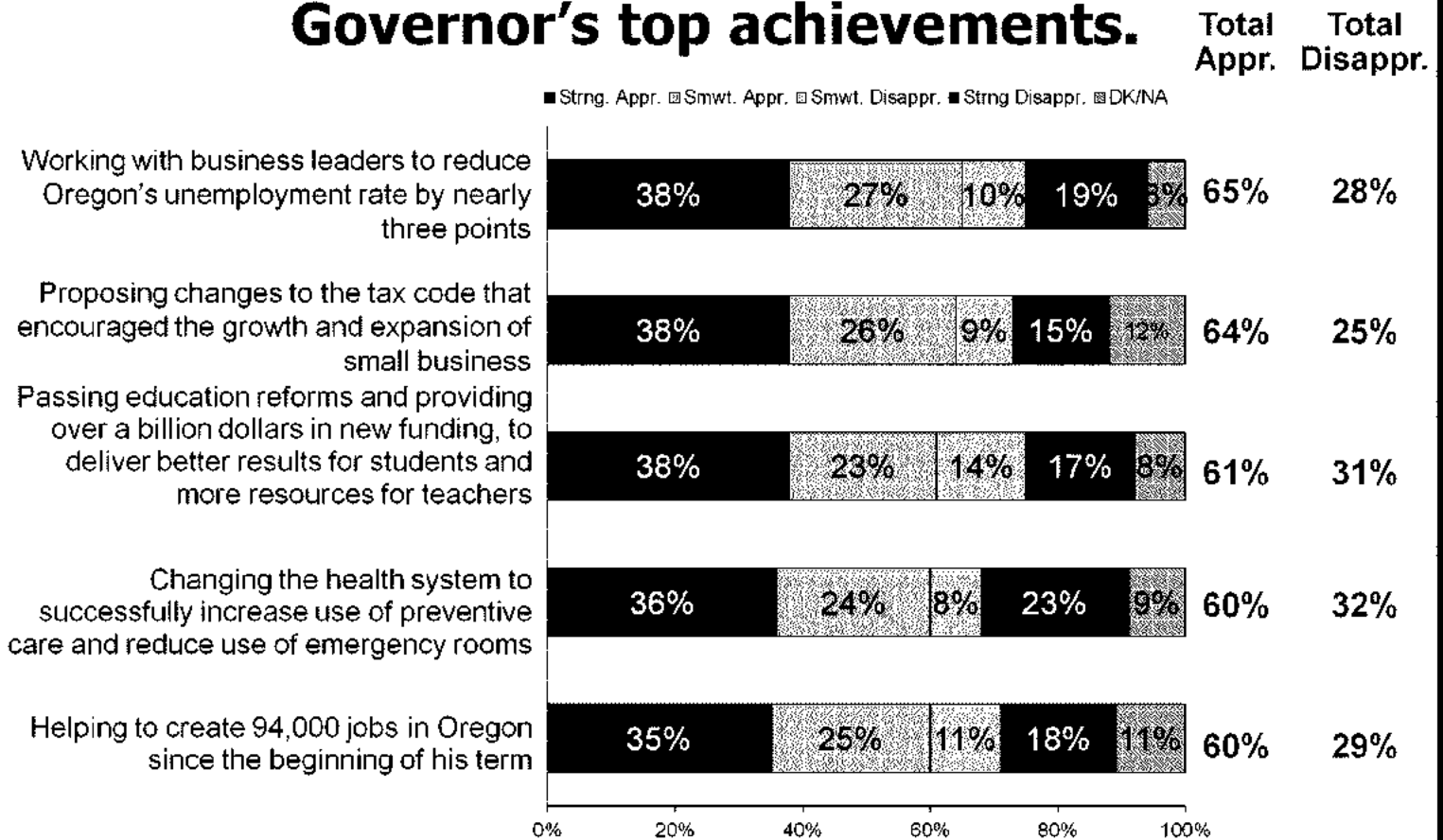
Perceptions of Kitzhaber remain generally – but not totally – positive.





Perceptions of Governor Kitzhaber's Policy Agenda

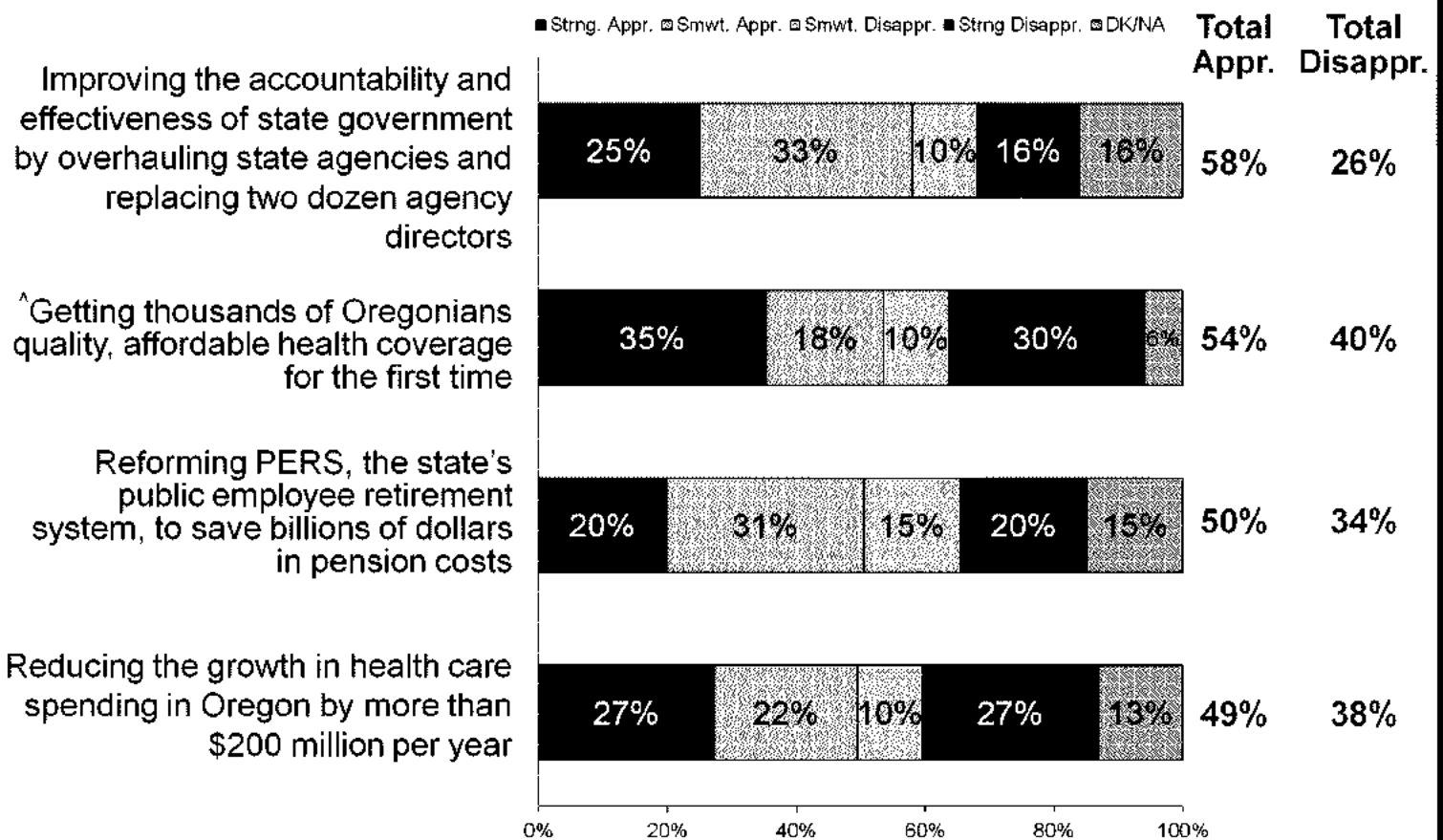
Reducing unemployment and reforming the tax code stand out as among the Governor's top achievements.



Available: Health, Education, Jobs & Economic Development - FMO
 AND: Oregon's Future - FMO
 SAVE! WORKER - WORKERS - WARRIORS - WISDOM - YES

7. I am going to read you a list of a few things Governor Kitzhaber has done during his most recent term in office. Please tell me whether, in general, you approve or disapprove of each item. *Not Part of Split Sample

Reforming PERS and cutting health care costs are perhaps less believable.



Available: Health Affairs Medical Association - PMA
 and Oregon Health Division
 HEALTH AFFAIRS - OAKLAND - MADISON - MEDIC CITY

7. I am going to read you a list of a few things Governor Kitzhaber has done during his most recent term in office. Please tell me whether, in general, you approve or disapprove of each item. ^Not Part of Split Sample

Voters are split on whether transforming the economy or providing new jobs in *any* industry should be a higher priority for Oregon.

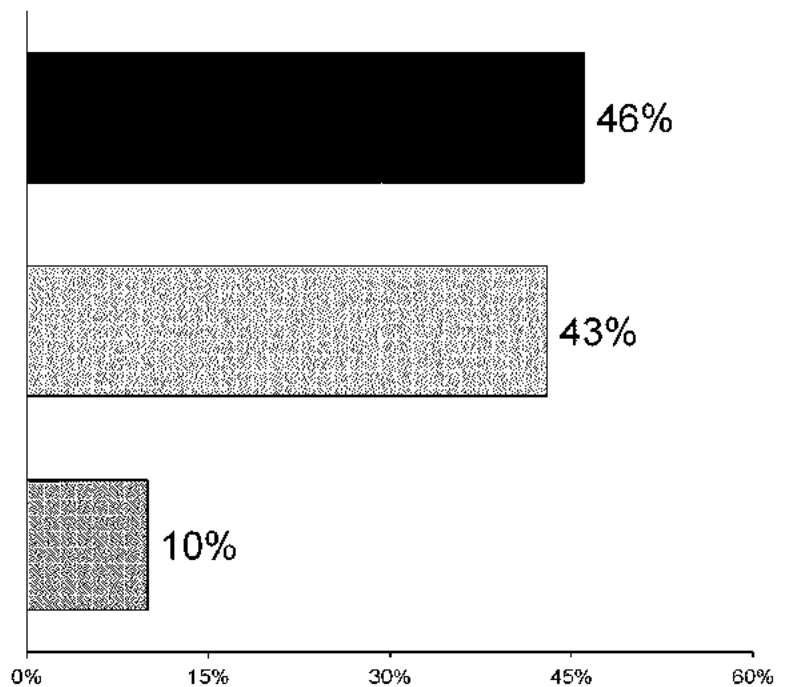
In thinking about the economy, which of the following do you think should be a higher priority for state government?

Creating as many new jobs as possible, no matter what industry they come from

OR

Transforming Oregon's economy by growing new and innovative industries like clean energy and clean technology

Both/Neither/DK/NA



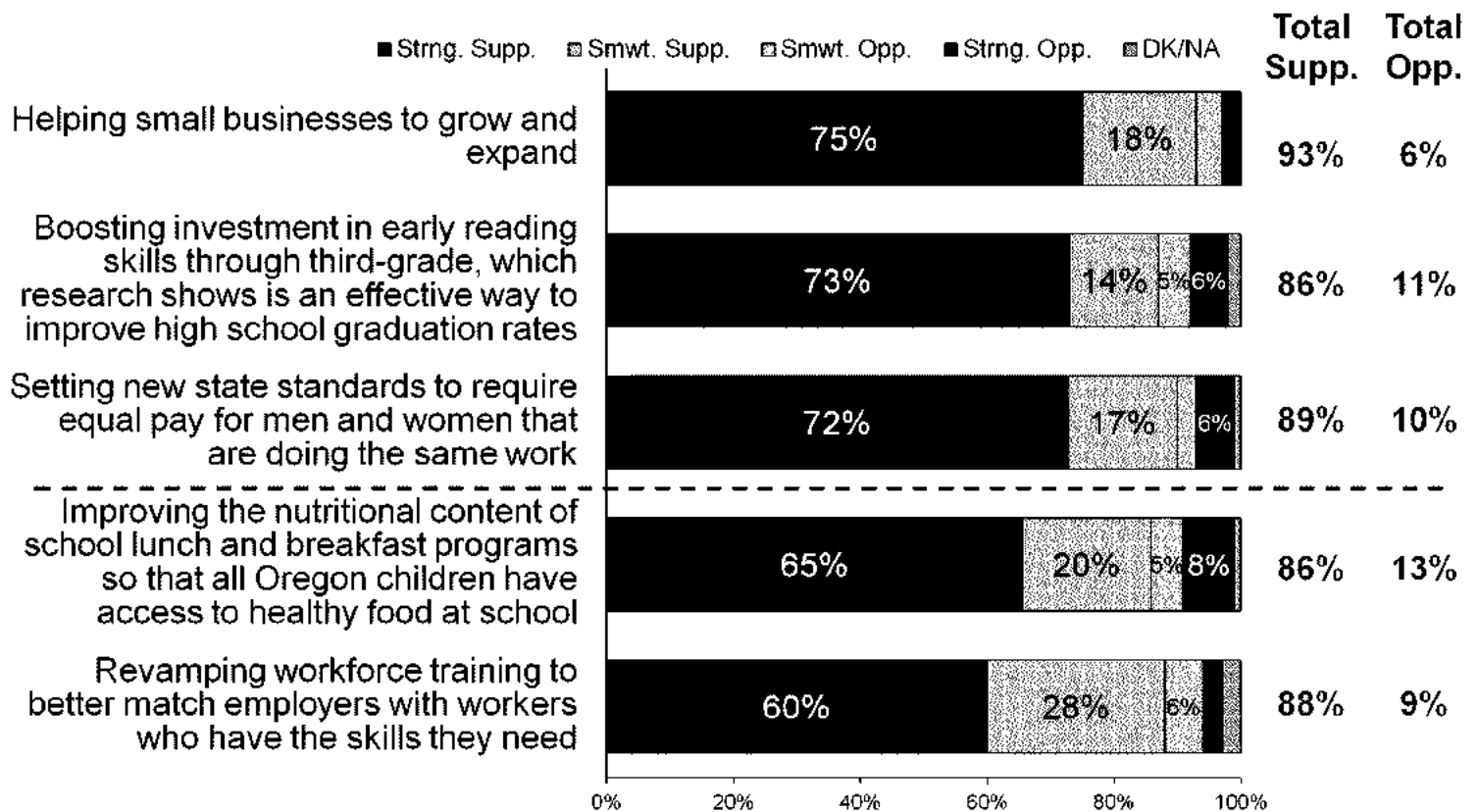
Available: Health, Health Care, Education - PMO
 AND: Oregon's Economy - PMO
 SAULT MONTELEONE - HAZELBANK - MADISON - MEDIC CITY

Q8.

The desired shape of economic change varies across subgroups of the electorate.

- Kitzhaber's base backs transformative change 66% to 26%, and Richardson's opposes it 20% to 68%. Swing voters – by a 49% to 38% margin – would prefer a focus on job creation.
- Labor households are evenly split, with 47% favoring economic transformation and 45% prioritizing job creation. Non-labor households 47% to 42% in favor of job creation.
- Non-college educated voters prioritize job creation (53% to 37%), while those with a college degree come down on the side of economic transformation (51% to 38%).
- Men choose job creation as a priority (52% to 38%), while women come down on the side of economic transformation (48% to 40%).
- And not surprisingly, the issue has a partisan dimension – Democrats back economic transformation 60% to 32%, while GOP voters oppose it (22% to 63%). Independents are split – with 49% in favor of job creation and 43% economic transformation.

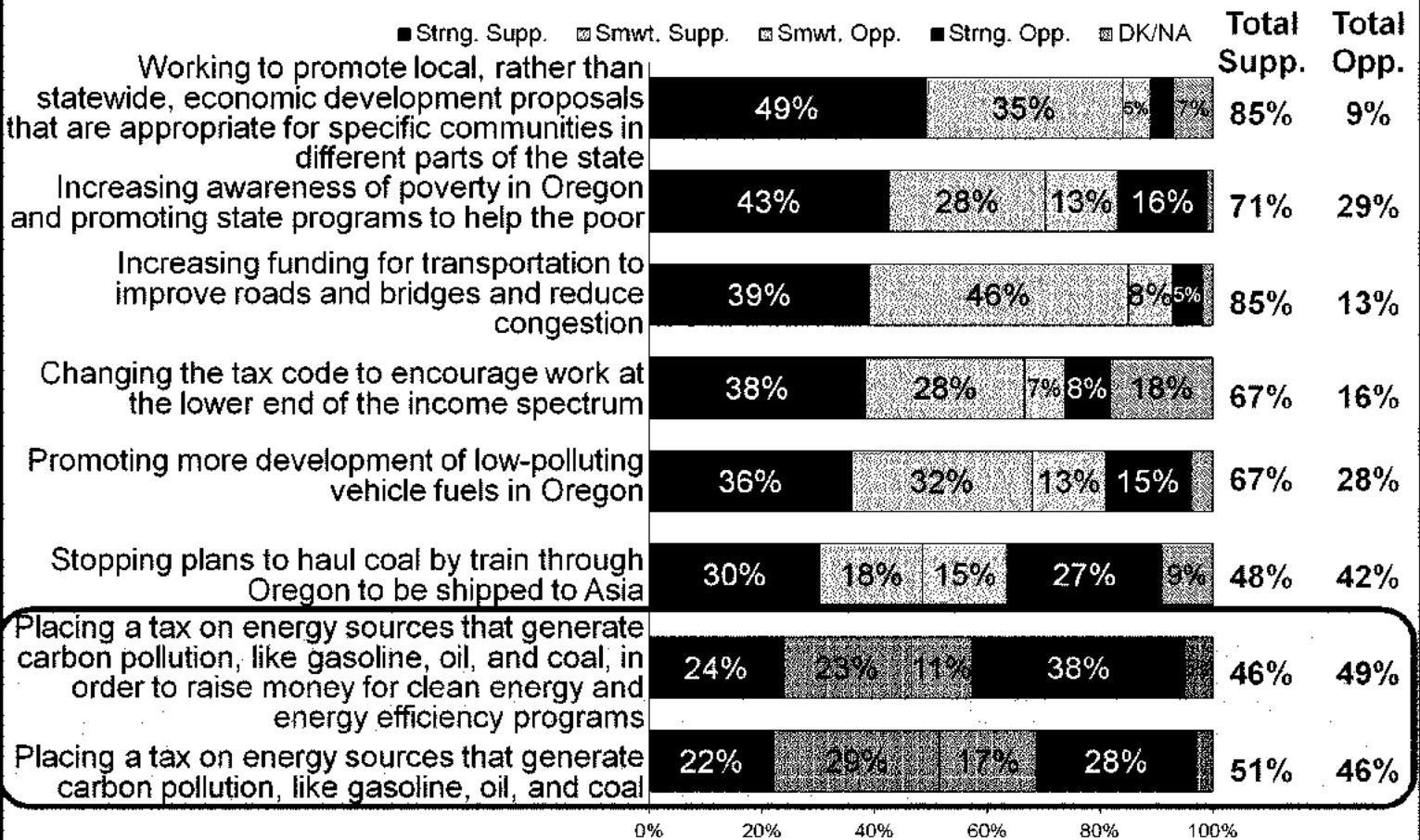
Voters see job training, economic development, and equal pay for women as top priorities for Oregon state government in the future.



Available: Morris, Heather, Michael, Associates - EMU
 2010 Survey of Oregonians
 10/11/10 10:42 AM - 10/11/10 10:42 AM

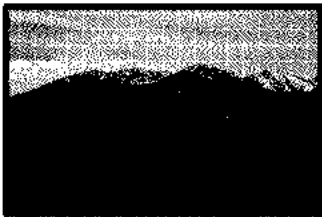
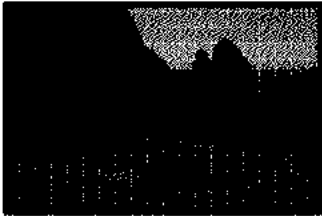
9. Here is a list of proposals that Oregon state government may consider in the next few years. Please tell me whether it sounds like something you would support or oppose. Split Sample

A carbon tax is a divisive concept.



Florkin, Norris, Maitin, Mertz, Anderson, Fry
 For the Center for Public Policy Priorities
 1000 17th Street, NW • Washington, DC 20036 • 202-331-0700

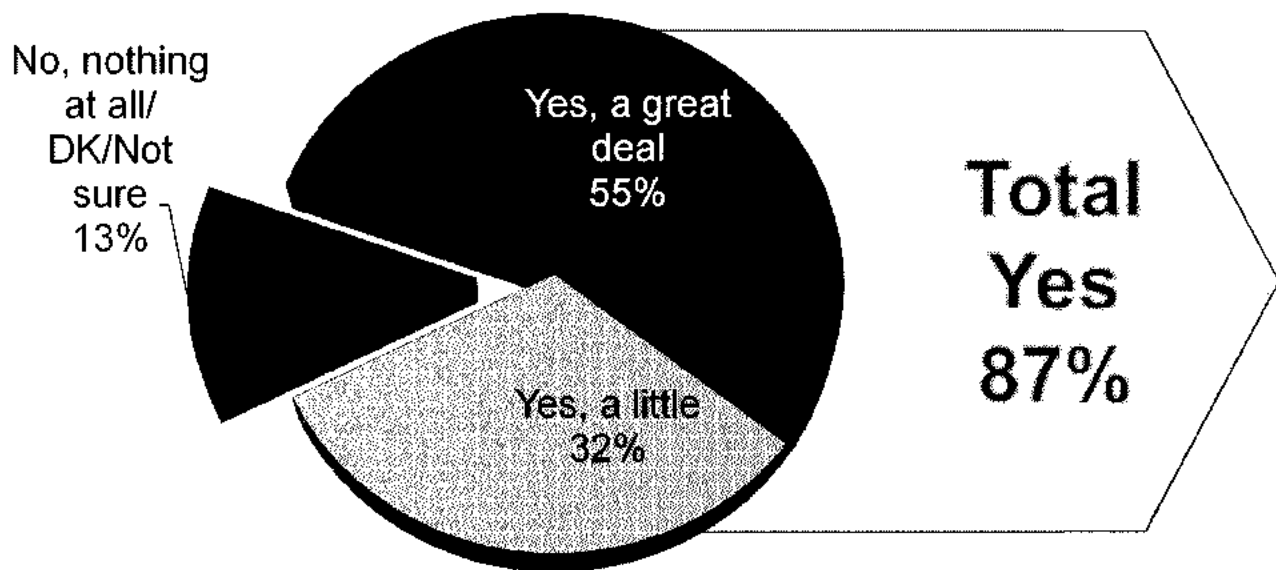
9. Here is a list of proposals that Oregon state government may consider in the next few years. Please tell me whether it sounds like something you would support or oppose. Split Sample



Attitudes Toward Cover Oregon

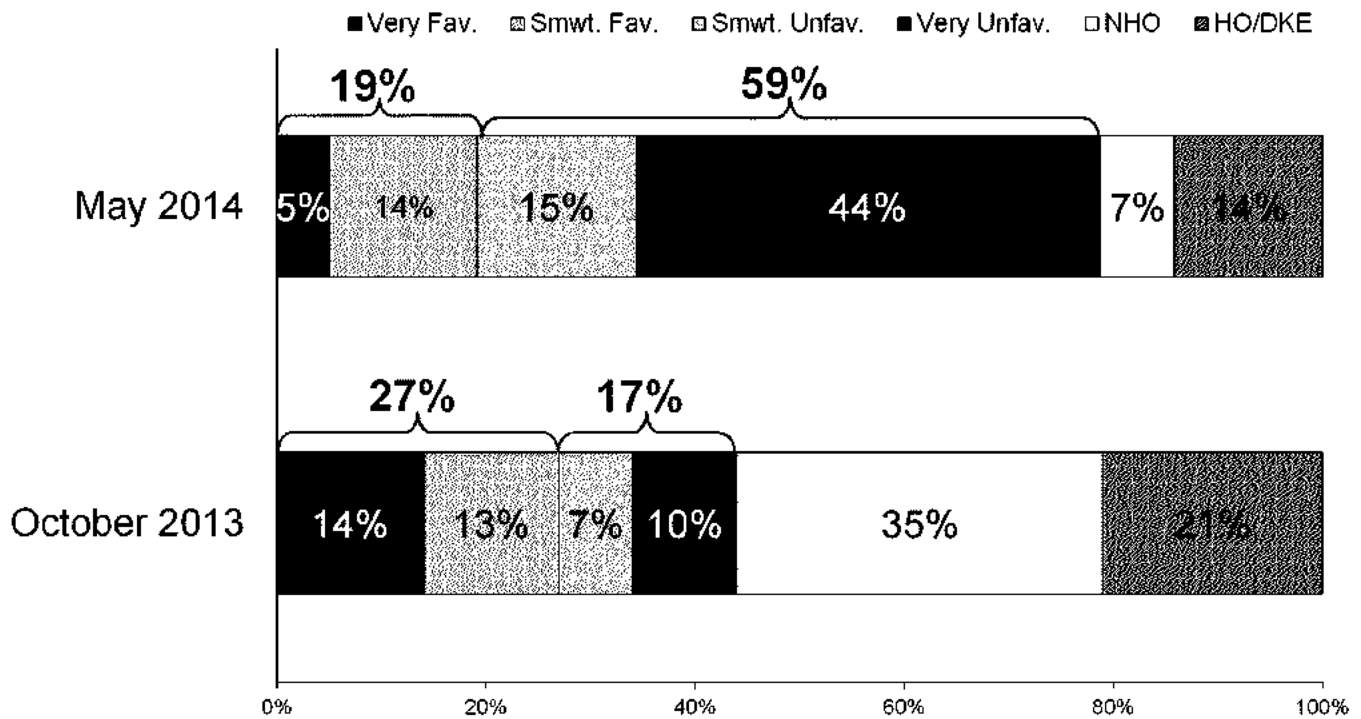
Most Oregon voters are highly familiar with issues around Cover Oregon.

Have you seen, heard or read anything recently about Cover Oregon, Oregon's health insurance marketplace under the federal Affordable Care Act?





Favorability for Cover Oregon has plummeted since October.



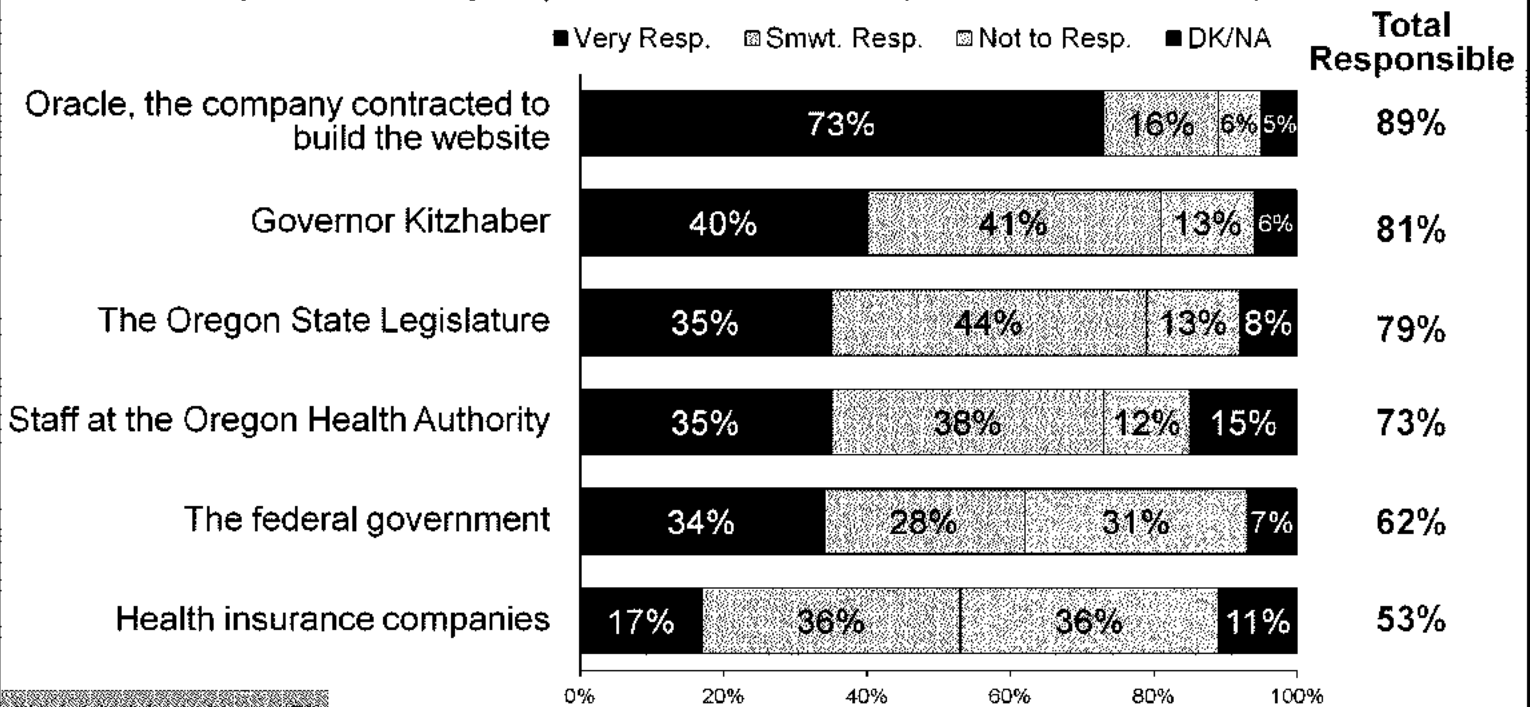
Available: Health Affairs Medical Association - PMO
 2013 October 15-17, 2014
 SAVERI, WOODRUFF, HAZKIANI, MADRISON, MEDINA, CITY

2d. I'm going to read you the names of some people and organizations active in public life. Please tell me whether you have a very favorable, somewhat favorable, somewhat unfavorable or very unfavorable opinion of that person or group.

Voters place the most blame for the marketplace's failure on Oracle, and to a lesser degree, the Governor.

I am going to read you a list of people and organizations connected to Cover Oregon; after I read each one, please tell me how responsible you hold them for the problems Cover Oregon has experienced: very responsible, somewhat responsible, or not too responsible.

■ Very Resp. ■ Smwt. Resp. ■ Not to Resp. ■ DK/NA

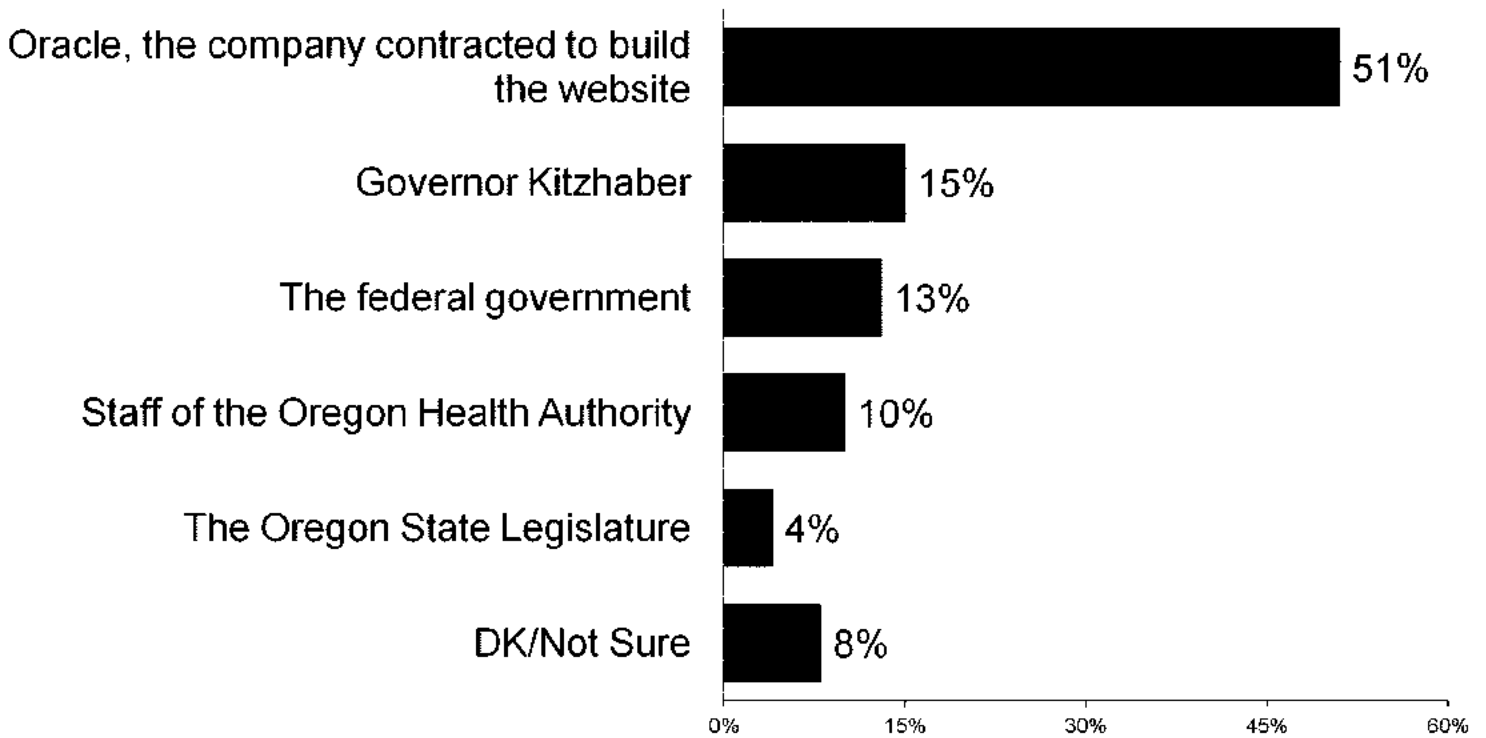


Portland, Maine, Health Care Association of Maine, FMA
and Oregon Health Authority
SAVETHEMONEY • OAKLAND • MADISON • MEDICARE

Q11.

When forced to choose among those involved, Oracle stands out as *most* to blame...

And who would you say is most responsible for causing the problems with the Cover Oregon on-line website:



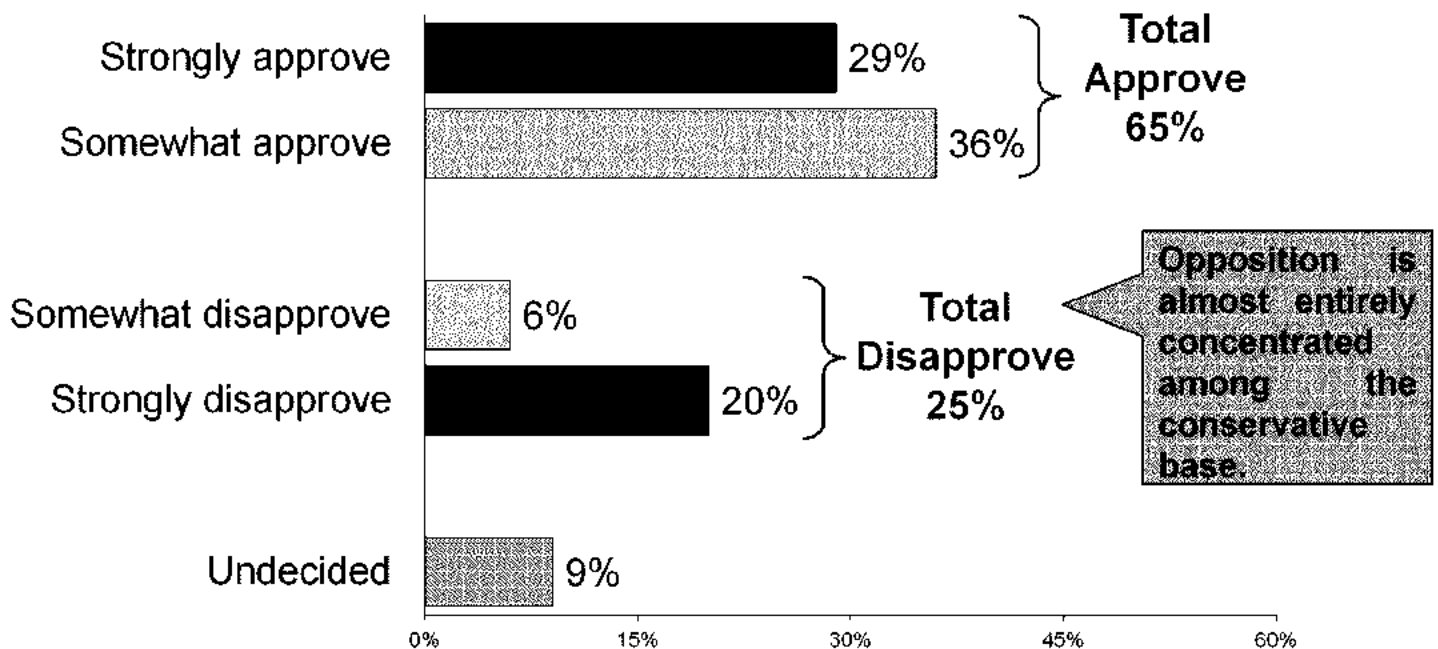
Available Health Matters Media Solutions - PMO
and Government Affairs
SAVIL - WHEELER - HARRIS - MADISON - MEDIC CITY

Q12.

Two-thirds of voters approve of the decision to switch Oregonians from Cover Oregon to the federal exchange website.

After a review of the problems with its own website, the Cover Oregon board has decided to have Oregonians enroll for health insurance through the federal exchange website.

Do you approve or disapprove of this decision?



A majority feels that the Cover Oregon issue merits more investigation.

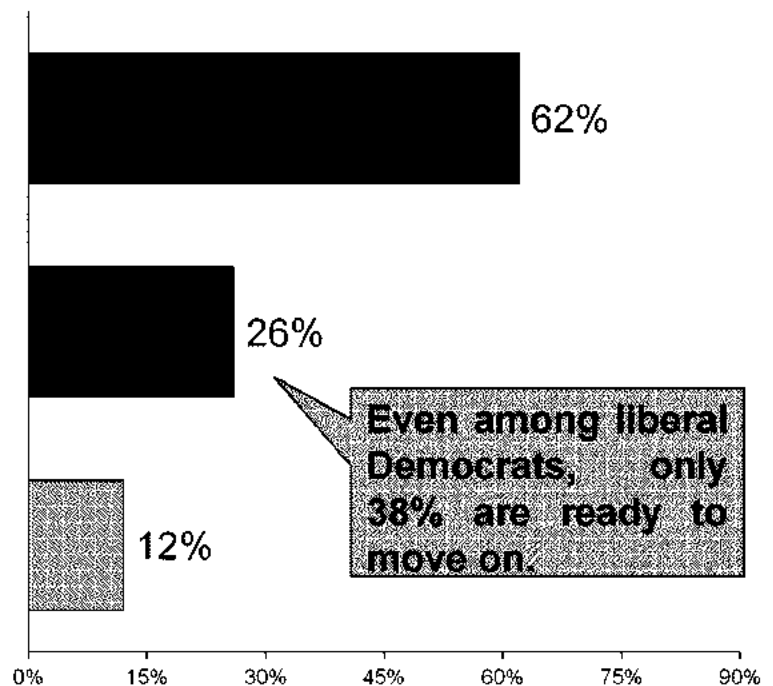
Given everything you have heard, which of the following comes closer to your opinion:

Cover Oregon is a major state program, and the questions about its problems have not been resolved; the issue needs more investigation

OR

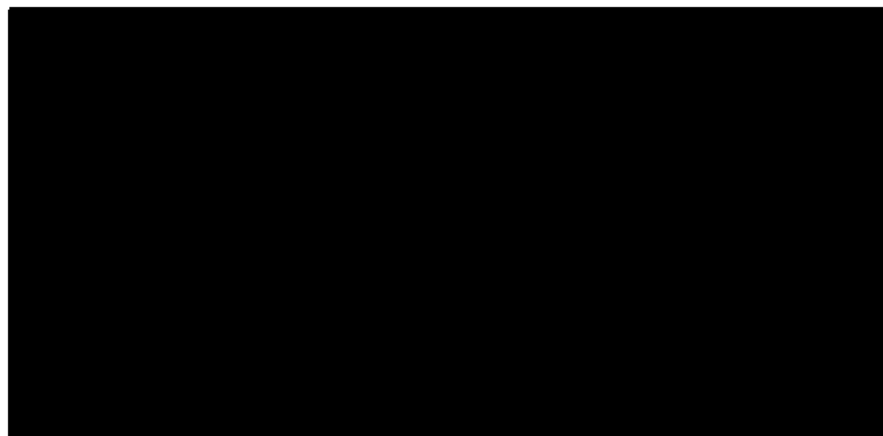
After an extensive review, the problems with Cover Oregon have been largely resolved and it is time to move on

Both/Neither/DK/NA



For more information, contact:

Dave Metz



Fairbank, Maslin, Maullin, Metz & Associates - FM3
Public Opinion Research & Strategy

SANTA MONICA • OAKLAND • MADISON • MEXICO CITY

Message

From: Patricia McCaig [REDACTED]
Sent: 5/29/2014 10:50:14 PM
To: Mike Bonetto [BONETTO PERSONAL EMAIL]; Dmitri Palmateer [PALMATEER PERSONAL EMAIL]; Duke Shepard [REDACTED keshepard.com]; Nkenge Johnson [HARMON JOHNSON CONSULTANT EMAIL]; Tim Raphael [RAPHAEL PERSONAL EMAIL]; Sean Kolmer [KOLMER PERSONAL EMAIL]; [REDACTED]
Subject: DEBRIEF @ 8:30 TONIGHT

Hi, all. On Mike's behalf sending out debrief notice. What a day. Headlines good. Politico great.



Patricia McCaig



Message

From: Patricia McCaig [REDACTED]
Sent: 5/30/2014 1:01:05 AM
To: Gmail Bonetto [BONETTO PERSONAL EMAIL]; Tim Raphael [RAPHAEL PERSONAL EMAIL]; Nkenge Johnson [REDACTED];
[HARMON JOHNSON CONSULTANT EMAIL]; Dmitri Palmateer [PALMATEER PERSONAL EMAIL]; Duke Shepard [REDACTED];
[REDACTED]; Christian Gaston [REDACTED]; Scott Nelson [REDACTED]
Subject: Channel 8

Lead story -- Great.

Patricia McCaig

[REDACTED]

Message

From: Patricia McCaig [REDACTED]
Sent: 5/30/2014 1:04:37 AM
To: Gmail Bonetto [REDACTED]; Tim Raphael [RAPHAEL PERSONAL EMAIL]; Nkenge Johnson [REDACTED];
[REDACTED]; Dmitri Palmateer [PALMATEER PERSONAL EMAIL]; Duke Shepard [REDACTED];
[REDACTED] Christian Gaston [REDACTED]; Scott Nelson [REDACTED]
Subject: NEW POLL at end of Channel 8 story!

Kitzhaber has large lead 15 points in Channel 8 survey

Patricia McCaig

[REDACTED]

From: Patricia McCaig [REDACTED]
Subject: Fwd: Politico article on suing oracle
Date: May 29, 2014 3:42:56 PM PDT
To: John Kitzhaber [REDACTED] >

Headlines coming in are all good! Politico is great.

We've got another first.... First in the country to sue Oracle!

Patricia McCaig
[REDACTED]

Begin forwarded message:

From: POLITICO Pro <politicoemail@politico.com>
Date: May 29, 2014 at 6:16:44 PM EDT
To: "Kennan, Stephanie A." [REDACTED] >
Subject: Kitzhaber wants Oracle sued for Oregon website
Reply-To: "politicoemail@politico.com"
<politicoemail@politico.com>

Kitzhaber wants Oracle sued for Oregon website

By Jennifer Haberkorn

5/29/14 6:15 PM EDT

Oregon Gov. John Kitzhaber said Thursday that he has asked the state attorney general to sue the contractor behind the state's disastrous Obamacare website.

It would be the nation's first lawsuit against a contractor on an Affordable Care Act site.

"We will hold Oracle accountable for resources spent that did not produce a result," Kitzhaber, a Democrat running for re-election this fall, told state lawmakers during a legislative briefing. The California-based Oracle Corp. provided "a technology that did not in fact work," Kitzhaber said.

The governor said that litigation filed under the False Claims Act could help

Oregon recover attorneys' fees, the money spent on the website, damages and possibly more.

The state has paid Oracle more than \$134 million in federal funds to develop Cover Oregon, its ambitious site to implement the health care law. But the system never functioned properly, even by the end of the first open enrollment period, which was extended in Oregon until April 30.

The state has already decided to give up on the site and use the federal HealthCare.gov next year.

The FBI and GAO are conducting investigations into the system's catastrophic rollout as well, amid allegations that federal officials may have been misled before the federal dollars were approved.

Kitzhaber admitted that the state shares some of the blame for Cover Oregon's failure.

In response to a question from his Republican opponent, state Rep. Dennis Richardson, Kitzhaber said the state should have hired a system integrator to lead the project. He also said the contract should not have been written in a "times and material" manner, in which Oracle was paid for how much time it spent on the work and not for delivering a result.

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"They have delivered a product that didn't work," Kitzhaber said, pounding his fist on a desk.

To view online:

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[webaction=viewAlerts.](#)

Message

From: Patricia McCaig [REDACTED]
Sent: 5/30/2014 5:08:36 AM
To: Dmitri P [REDACTED] PALMATEER PERSONAL EMAIL
CC: Duke Shepard [REDACTED] BONETTO PERSONAL EMAIL
Subject: Re: oracle yahoo stock page

We must develop a strategy on all of this. It is too good. Who is the SWAT team?? I'm willing to do/get the work done.

PMC

On May 29, 2014, at 10:05 PM, Dmitri P [REDACTED] PALMATEER PERSONAL EMAIL wrote:

> Look at picture and the stories under their stock headlines. That is our goal...national stories that drag on their stock price. Probably coincident that their price dropped a bit in after hours trading but worth a dream anyway.

>
> Dmitri
>
> <photo.PNG>
>
>
>
> Sent from my iPad

Message

From: Cylvia Hayes [REDACTED]
Sent: 5/30/2014 3:35:48 AM
To: Patricia McCaig [REDACTED]; John Kitzhaber [REDACTED]; Bill Wyatt, (SL) [REDACTED]; Robinhold Curtis [REDACTED]; Tom Imeson [REDACTED]; Steve Marks [REDACTED]; Stephen Bella [REDACTED]; Scott Nelson [REDACTED]; Dan Carol [REDACTED] [REDACTED]@gmail.com]; Tim Raphael [RAPHAEAL PERSONAL EMAIL] [REDACTED]; Bonetto [BONETTO PERSONAL EMAIL] [REDACTED]
CC: Mark Wiener [REDACTED]; [REDACTED] Marshall [REDACTED]
Subject: Re: Today Governor Kitzhaber moves on Oracle

It was indeed a good day. A move back to being on offense. Great work.

C

Cylvia Hayes
CEO, 3EStrategies

From: Patricia McCaig [REDACTED]
Date: Thursday, May 29, 2014 5:21 PM
To: Cylvia Hayes [REDACTED]; John Kitzhaber [REDACTED]; Bill Wyatt [REDACTED]; Curtis Robinhold [REDACTED]; Tom Imeson [REDACTED]; Steve Marks [REDACTED]; Stephen Bella [REDACTED]; Scott Nelson [REDACTED]; Dan Carol [REDACTED]; Tim Raphael [RAPHAEAL PERSONAL EMAIL] [REDACTED]; Gmail Bonetto [BONETTO PERSONAL EMAIL] [REDACTED]
Cc: Mark Wiener [REDACTED]; [REDACTED] Marshall [REDACTED]
Subject: Today Governor Kitzhaber moves on Oracle

All,

Today Governor Kitzhaber asked Oregon's attorney general and the US inspector general to initiate legal action to recover costs and damages from Cover Oregon's primary website contractor, Oracle. Additionally, he asked Senators Wyden and Merkley to use their positions to aid in reviewing Oracle's performance and supporting any federal legal actions.

The governor sent three letters and appeared before a joint legislative committee to provide an update on these actions.

The letters are attached. In a separate email I will send some of the press coverage. It was a good day.

Patricia McCaig



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To: Patricia McCaig [REDACTED]; John Kitzhaber [REDACTED]; Bill Wyatt, (SL) [REDACTED]; Robinhold Curtis [REDACTED]; Tom Imeson [REDACTED]; Steve Marks [REDACTED]; Stephen Bella [REDACTED]; Scott Nelson [REDACTED]; Dan Carol [REDACTED] [REDACTED]@gmail.com]; Tim Raphael [RAPHAEAL PERSONAL EMAIL] [REDACTED]; Bonetto [BONETTO PERSONAL EMAIL] [REDACTED]
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To: Cylvia Hayes [REDACTED]; John Kitzhaber [REDACTED]; Bill Wyatt [REDACTED]; Curtis Robinhold [REDACTED]; Tom Imeson [REDACTED]; Steve Marks [REDACTED]; Stephen Bella [REDACTED]; Scott Nelson [REDACTED]; Dan Carol [REDACTED]; Tim Raphael [RAPHAEAL PERSONAL EMAIL] [REDACTED]; Gmail Bonetto [BONETTO PERSONAL EMAIL] [REDACTED]
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The letters are attached. In a separate email I will send some of the press coverage. It was a good day.

Patricia McCaig



Message

From: Dan Carol [REDACTED]
Sent: 5/30/2014 3:32:14 AM
To: Patricia McCaig [REDACTED]
CC: Cylvia Hayes [REDACTED]; John Kitzhaber [REDACTED]; Bill Wyatt, (SL)
[REDACTED]; Tom Imeson [REDACTED]; Robinhold Curtis [REDACTED]
Stephen Bella [REDACTED@aol.com]; Steve Marks [REDACTED]; Tim Raphael
RAPHAEAL PERSONAL EMAIL [REDACTED]; Scott Nelson [REDACTED]; Gmail Bonetto
BONETTO PERSONAL EMAIL [REDACTED]; Mark Wiener [REDACTED]; ohnkitzhaber.com Marshall
[REDACTED]

Subject: Re: A sampling of responses to JK on Oracle

Great work. Good day. Fabulous pivot.

And uh... Larry Ellison is a dick. With yachts. Just saying.

Nitey nite.

On Thursday, May 29, 2014, Patricia McCaig [REDACTED] wrote:

Channels 6 and 8, good and online.

[Cover Oregon: Kitzhaber says it's time to sue Oracle for health exchange disaster](#)

<http://registerguard.com/rg/news/local/31651576-75/oregon-oracle-kitzhaber-state-website.html.csp>

Oracle's tweet

<https://twitter.com/ChelseaKATU/status/472144017166057472>

Politico

Kitzhaber wants Oracle sued for Oregon website

By Jennifer Haberkorn

5/29/14 6:15 PM EDT

Oregon Gov. John Kitzhaber said Thursday that he has asked the state attorney general to sue the contractor behind the state's disastrous Obamacare website.

It would be the nation's first lawsuit against a contractor on an Affordable Care Act site.

"We will hold Oracle accountable for resources spent that did not produce a result," Kitzhaber, a Democrat running for re-election this fall, told state lawmakers during a legislative briefing. The California-based Oracle Corp. provided "a technology that did not in fact work," Kitzhaber said.

The governor said that litigation filed under the False Claims Act could help Oregon recover attorneys' fees, the money spent on the website, damages and possibly more.

The state has paid Oracle more than \$134 million in federal funds to develop Cover Oregon, its ambitious site to implement the health care law. But the system never functioned properly, even by the end of the first open enrollment period, which was extended in Oregon until April 30.

The state has already decided to give up on the site and use the federal [HealthCare.gov](https://www.healthcare.gov) next year.

The FBI and GAO are conducting investigations into the system's catastrophic rollout as well, amid allegations that federal officials may have been misled before the federal dollars were approved.

Kitzhaber admitted that the state shares some of the blame for Cover Oregon's failure.

In response to a question from his Republican opponent, state Rep. Dennis Richardson, Kitzhaber said the state should have hired a system integrator to lead the project. He also said the contract should not have been written in a "times and material" manner, in which Oracle was paid for how much time it spent on the work and not for delivering a result.

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Patricia McCaig



Message

From: Mark Wiener [REDACTED]
Sent: 5/30/2014 12:43:27 AM
To: Patricia McCaig [REDACTED]; Cylvia Hayes [REDACTED]; John Kitzhaber [REDACTED]; Bill Wyatt, (SL) [REDACTED]; Tom Imeson [REDACTED]; Robinhold Curtis [REDACTED]; Stephen Bella [REDACTED]; Steve Marks [REDACTED]; Tim Raphael [RAPHAEL PERSONAL EMAIL]; Scott Nelson [REDACTED]; Carol Dan [REDACTED]; Gmail Bonetto [BONETTO PERSONAL EMAIL]
CC: [REDACTED] Marshall [REDACTED]
Subject: RE: A sampling of responses to JK on Oracle

Note that Peter Wong is now working for the Portland Tribune, which makes me think that their coverage of the campaign will increase. Here is his story today.

Â

<http://www.pamplinmedia.com/pt/9-news/222636-83940-kitzhaber-richardson-face-off-over-cover-oregon>

Â

Â



From: Patricia McCaig [REDACTED]
Sent: Thursday, May 29, 2014 5:40 PM
To: Cylvia Hayes; John Kitzhaber; Bill Wyatt, (SL); Tom Imeson; Robinhold Curtis; Stephen Bella; Steve Marks; Tim Raphael; Scott Nelson; Carol Dan; Gmail Bonetto
Cc: Mark Wiener; [REDACTED] Marshall
Subject: A sampling of responses to JK on Oracle

Â

Channels 6 and 8, Â good and online.

Â

[Cover Oregon: Kitzhaber says it's time to sue Oracle for health exchange disaster](http://www.registerguard.com/rg/news/local/31651576-75/oregon-oracle-kitzhaber-state-website.html.csp)

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Patricia McCaig



Message

From: Dmitri P [REDACTED] PALMATEER PERSONAL EMAIL
Sent: 6/4/2014 4:48:10 AM
To: Patricia McCaig [REDACTED]; TimS360 [REDACTED] RAPHAEL PERSONAL EMAIL; [REDACTED] BONETTO PERSONAL EMAIL
Duke Shepard [REDACTED]
Subject: Could the Cover Oregon Fiasco Be a PR Nightmare for Oracle Corporation? (ORCL)

AWESOME!

<http://www.fool.com/investing/general/2014/06/02/could-the-cover-oregon-fiasco-be-a-pr-nightmare-fo.aspx>

Sent from my iPad

Message

From: Patricia McCaig [REDACTED]
Sent: 6/4/2014 5:32:24 AM
To: Dmitri P [PALMATEER PERSONAL EMAIL]; [REDACTED] [BONETTO PERSONAL EMAIL]
CC: TimS360 [RAPHAEL PERSONAL EMAIL]; [REDACTED]; Duke Shepard [REDACTED]
Subject: Re: Could the Cover Oregon Fiasco Be a PR Nightmare for Oracle Corporation? (ORCL)

Indeed! We are on to something and need to keep this story line going.

PMc

On Jun 3, 2014, at 9:48 PM, Dmitri P [PALMATEER PERSONAL EMAIL] > wrote:

> AWESOME!
>
>
> <http://www.fool.com/investing/general/2014/06/02/could-the-cover-oregon-fiasco-be-a-pr-nightmare-fo.aspx>
>
>
> Sent from my iPad

Message

From: Bonetto Gmail
Sent: 8/25/2014 5:19:11 PM
To: Sean Kolmer [mailto: [REDACTED]@gmail.com]
Subject: Re: Follow up...

I'll make whatever work...thx

On Aug 25, 2014, at 10:00 AM, Sean Kolmer [mailto: [REDACTED]@gmail.com] wrote:

got it. sending around message to gather folks. shooting between 12-2. does that work for you and PMC?

On Mon, Aug 25, 2014 at 9:38 AM, Bonetto Gmail [mailto: [REDACTED]@gmail.com] wrote:

Fyi...just got a few things below from PMc that she wanted to follow up on asap. Thinking we may need a call sometime today??

THx,
MB

1. Need follow-up with Aaron and team this a.m. - lawsuit, invoices, materials for board meeting
2. Jk's response to invoice release - still need to figure out what he is saying
3. Oracle lawsuit follow up - critical dates for possible actions between now and election
4. Tina briefing on transition - website testing, slowdown, d.c. trip - plan next press availability

Message

From: Duke Shepard [REDACTED]
Sent: 7/10/2014 6:13:24 AM
To: Mike Bonetto [REDACTED]; Patricia McCaig [REDACTED]
Subject: AG

If the outside council believes there is a case and is ready to go, should we have a strategy to get their assessment and eagerness out there so that Ellen and Fred can't chicken out easily? And then if they do, it's on them in a way that isn't their assessment vs. the Governor's but is them chickening out vs. Markowitz advice? I just have no confidence in the AG.

Sent from my iPhone

From: Clyde Hamstreet [REDACTED] >
Subject: RE: Perfect timing...
Date: April 13, 2014 6:18:28 PM PDT
To: Patricia McCaig [REDACTED]

I can buy you a wine around 6:00pm or we can talk via phone after your 4:00pm.

From: Patricia McCaig [REDACTED]
Sent: Sunday, April 13, 2014 5:58 PM
To: Clyde Hamstreet
Subject: Re: Perfect timing...

Clyde, I've been in campaign world all day and it looks like it will spill into tonight. Tomorrow afternoon works. I've got a 4:00 I can't move, other than that, I can be flexible.

Patricia McCaig
[REDACTED]

On Apr 13, 2014, at 2:50 PM, Clyde Hamstreet wrote:

Can we do it before Tue when some of the press stuff starts, - maybe this evening or tomorrow afternoon.

From: Patricia McCaig [REDACTED]
Sent: Sunday, April 13, 2014 7:17 AM
To: Clyde Hamstreet
Subject: Re: Perfect timing...

Yes, I want to talk before you hit the media circuit, I'd like to go over a few Q and As

PMc

On Apr 12, 2014, at 3:04 PM, Clyde Hamstreet [REDACTED] > wrote:

I was just kidding about retrieving my email. You can send me your short list. We are working on our own list and should talk at some point mid-week. We should talk sometime.

From: Patricia McCaig [REDACTED]
Sent: Saturday, April 12, 2014 12:17 PM
To: Clyde Hamstreet
Subject: Perfect timing...

I have a short list for you going [REDACTED]

Patricia McCaig
[REDACTED]

Message

From: Patricia McCaig [REDACTED]
Sent: 4/15/2014 2:12:25 PM
To: Gmail Bonetto [BONETTO PERSONAL EMAIL]; Tim Raphael [RAPHAEL PERSONAL EMAIL]
Subject: List of questions
Attachments: COquestionsraisedbyfederalexchangetransfer.docx; HTML Attachment.html

Mike, this is the "short" list we've created of possible questions on moving to the federal exchange. We might have more based on the review of the presentation this morning. Our goal is get a comprehensive list, and then prioritize which questions must have some sort of answer before the IT recommendation next week. Would like to go thru the list with Sean, Patty and Tim (and you if have the time), later this morning. Thoughts?

Patricia McCaig
[REDACTED]

From: Tim Raphael [REDACTED] RAPHAE L PERSONAL EMAIL
Subject: Re: I couldn't sleep
Date: April 15, 2014 at 7:02 AM
To: Patricia McCaig [REDACTED]
Cc: Mike Bonetto [REDACTED] BONETTO PERSONAL EMAIL

I'm fine with it...see one change — their to there below
Tim Raphael

On Apr 15, 2014, at 6:50 AM, Patricia McCaig [REDACTED] wrote:

Could you both look at this asap - I'm just not comfortable where Clyde's head is. I would send this to Brian Gard and Clyde. Pay attention to the briefings bullet.

Clyde, for what it is worth, here are my thoughts about your interviews today and discussions with legislators:

- generally talk about who you are, how you conduct your work, your past experiences and examples of your work products.
 - Emphasis should be on your team's role in providing the organizational needs and restructuring assessment, not the day to day interim management
 - The restructuring/organizational needs are directly informed by the pending decisions in front of the Cover Oregon Board which will be made NLT end of April, maybe sooner
 - You will have some input into the recommendations, but your focus is on the assessment and structural reorganization needs to provide the best chance of success that supports the decision
 - You expect to provide routine? briefings to the governor, Cover Oregon Board and legislators until a new director is hired
 - Stay neutral or positive, you've only been their -[THERE] two days
-
- You need to be prepared for questions about the governor's involvement - we want to be straightforward and clear about how you were contacted and the future work relationship.

What was the governor's involvement in your hiring? This is what the governor's office will say:

Consistent with the governor's response to the First Data Report, he reached out to Clyde Hamstreet to discuss possible steps to improve the organizational structure and staffing of Cover Oregon. Based on that conversation, the governor coordinated a meeting (s) with Bruce Goldberg, George Brown and Mike Jordan. Cover Oregon then continued discussions and ultimately decided to retain Hamstreet and Associates to provide recommendations/analysis on the organizational structure and staffing of Cover Oregon. This activity and scope of contract work is consistent with the process outlined when the governor accepted and responded to the First Data Response.

- Finally, I think we all would appreciate it if you had a staff person in the room to take notes on the questions and record any follow-up materials if needed.

Patricia McCaig
[REDACTED]

TR000895

Message

From: Patricia McCaig [REDACTED]
Sent: 4/15/2014 4:30:02 PM
To: Clyde Hamstreet [REDACTED] Brian Gard [REDACTED]
Subject: For today's media

Clyde and Brian, for what it is worth, here are my thoughts about your interviews today and discussions with legislators:

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-
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- Finally, I think we all would appreciate it if you had a staff person in the room to take notes on the questions and record any follow-up materials if needed.

Patricia McCaig
[REDACTED]

From: Patricia McCaig [REDACTED] >
 Subject: Clyde
 Date: April 15, 2014 7 17 33 AM PDT
 To: Patricia McCaig [REDACTED] >



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- generally talk about who you are, how you conduct your work, your past experiences and examples of your work products.
 - Emphasis should be on your team's role in providing the organizational needs and restructuring assessment, not the day to day interim management
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Finally, I think we all would appreciate it if you had a staff person in the room to take notes on the questions and record any follow-up materials if needed.

Patricia McCaig
 [REDACTED]

From: Clyde Hamstreet <[REDACTED]>
 Subject: RE: Flagged Hamstreet & Associates article
 Date: April 15, 2014 2:53:57 PM PDT
 To: Patricia McCaig <[REDACTED]>
 Cc: Brian Gard <[REDACTED]>

Patricia and Brian,
 I think all but one of the media reps asked about the governor's role in my involvement. I told them all the same story " he called me while I was with my family on spring break and asked if I could help him work on the organization accountability and leadership issues with C O. I tied it to the First Data report. I said it is hard to say no to your governor. We met on my return to Portland with Mr. Goldberg and Brown and Mike Jordan. He asked them to explain the situation and then he asked me to tell them what we do. I started working with the CO board and we agreed on a scope of work and a contract and now I am in the soup.

Cc: Brian Gard
 Subject: Re: Flagged Hamstreet & Associates article

Good, glad it is over. Yes, I get the independent bit for the first interview. Were there specific questions about the governor's involvement - if so, from which media and what were they asking? That would be helpful.

Patricia McCaig
 [REDACTED]

On Apr 15, 2014, at 2:20 PM, Clyde Hamstreet wrote:

Thanks for your help.
 I have finished the interviews with KGW. I didn't have staff as I felt it was important I appear independent. Most of inquiries were about my qualification and approach. The interview with Oregonian was tough and probing but hopefully it was OK.
 I had a good call with Len Reed this morning. Lots of comment as to why we don't go with the fed system and do away with Cover Oregon.
 I don't think I embarrassed anyone but we will see.

From: Brian Gard <[REDACTED]>
 Sent: Tuesday, April 15, 2014 11:07 AM
 To: Clyde Hamstreet
 Subject: Fwd: Flagged Hamstreet & Associates article

Here is an article from the Astorian that Sara flagged for me. It asks why the Governor did not retain you much earlier since the problems have been obvious for some time. In political terms, people want to assign blame. I think an answer along these lines is within the limits of your engagement but would help defuse things:

...m really focused on understanding where Cover Oregon is now and how best to move forward and do do ha quickly. The governor reached out to me once he had the results of the First Data report. An independent study the governor initiated. That led to a series of discussions with Cover Oregon, OHA and DAS officials and the current con rac

Brian

Brian Gard
 Gard Communications
 [REDACTED]

Begin forwarded message:

From: Sara Hammond <[REDACTED]@com>
 Subject: Flagged Hamstreet & Associates article
 Date: April 15 2014 10:38:26 AM PDT
 To: Brian Gard <[REDACTED]> > Liz Fuller <[REDACTED]@m>

Hi Brian & Liz,

Here is an article that I wanted to flag for your attention

Thanks,
 Sara

Outlet: Daily Astorian
 Title/Program: **Why didn't Kitzhaber do this much sooner?**
 Publication Date: 4/14/2014
 Extract: Hiring corporate turn-around specialists Clyde Hamstreet & Associates to continue cleaning up the embarrassing mess at Cover Oregon is a reasonable move. It begs the question why the governor's office didn't ensure that Oregon Health Authority managers possessed basic management skills from its inception. Oregon Health Authority interim Director Bruce Goldberg has turned in his resignation, a signal of continuing instability in the agency. Hamstreet is the equivalent of an emergency medical technician, called to the scenes of corporate wrecks to see if they can be saved.

[Link to Source](#)

Sara Hammond
 Gard Communications



From: Clyde Hamstreet <[REDACTED]hamstreet.net>
Sent: 7/8/2014 8:48:45 PM +0000
To: BONETTO Mike * GOV [REDACTED] BONETTO STATE EMAIL>; Patricia
McCaig [REDACTED] easystreet.net>; KOLMER Sean P * GOV
[REDACTED] KOLMER STATE EMAIL>; EDLUND Tina D
[REDACTED] state.or.us>; Fauver Amy
[REDACTED] coveroregon.com>
Subject: CoverOregonAttitudesSurveyDraft revMOC V7
Attachments: CoverOregonAttitudesSurveyDraft revMOC V7.docx
Mike and Patricia,

Attached is a draft of questions I propose be asked in a survey. The purpose of the survey is to obtain independent objective data on the value or harm of the continued use of the Cover Oregon brand to enroll Oregonians in qualified health plans. While no advertising or other marketing should be planned until after Nov 15 we do need to make a decision shortly as we proceed with the technology transition. I would appreciate any suggestions or edits you might have.

Regards,

Clyde

From: Clyde Hamstreet [REDACTED]
Subject: RE: CoverOregonAttitudesSurveyDraft revMOC V7
Date: July 8, 2014 3:04:16 PM PDT
To: Patricia McCaig [REDACTED] >

Patricia,

Sorry, I was in MX last week and didn't get your text. I think I have an idea that might work. Do you have time for a call today or tomorrow so I can run it by you?

Clyde

From: Patricia McCaig [REDACTED]
Sent: Tuesday, July 8, 2014 2:52 PM
To: Clyde Hamstreet
Cc: BONETTO Mike * GOV; KOLMER Sean P * GOV; EDLUND Tina D; Fauver Amy
Subject: Re: CoverOregonAttitudesSurveyDraft revMOC V7

Clyde, you got my text last Monday? This is a bad idea.

PMc

Do you have time to meet

On Jul 8, 2014, at 1:48 PM, Clyde Hamstreet [REDACTED] wrote:

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Regards,
Clyde

<CoverOregonAttitudesSurveyDraft revMOC V7.docx>

From: KOLMER Sean P * GOV [REDACTED] KOLMER STATE EMAIL >
Sent: 7/16/2014 2:42:27 PM +0000
To: EDLUND Tina D [REDACTED] state.or.us>
Subject: FW: Status Quo on CO webpage & name
FYI

From: BONETTO Mike * GOV
Sent: Tuesday, July 15, 2014 9:41 PM
To: Aaron Patnode
Cc: KOLMER Sean P * GOV
Subject: RE: Status Quo on CO webpage & name

Thanks Aaron. Let's use the conf line below at 8am.



From: Aaron Patnode [REDACTED] gmail.com]
Sent: Tuesday, July 15, 2014 6:03 PM
To: BONETTO Mike * GOV
Cc: KOLMER Sean P * GOV
Subject: Re: Status Quo on CO webpage & name

Hello Mike,

Thanks for reaching out to me. I think it would be great to have a conversation to ensure we are in sync. I know there is a lot going on, so the conversation would definitely help.

Tomorrow at 8a would work just fine. What number should I call?

Kind regards,

Aaron

Please excuse typos. This message was sent from a mobile device.

On Jul 15, 2014, at 5:38 PM, BONETTO Mike * GOV <mailto: [REDACTED]@oregon.gov> > wrote: **BONETTO STATE EMAIL**

Aaron –

I just saw this email from Clyde. Even though you and I haven't officially met...I wanted to make sure that...1) I offered my many, many thanks for taking on this herculean task...and 2) I would greatly appreciate an opportunity for just the two of us and Sean to connect tomorrow to ensure we're in sync moving forward.

Not sure of your availability – but I could be available for a call at either 7:30am or 8:00am tomorrow morning. Let me know what might work best on your end.

Many thx,

Mike

Mike Bonetto

Chief of Staff

Office of Governor Kitzhaber

<mailto: [REDACTED]>

From: Clyde Hamstreet [REDACTED]hamstreet.net]
Sent: Tuesday, July 15, 2014 3:45 PM
To: BONETTO Mike * GOV
Cc: Aaron Patnode; Patnode, Aaron
Subject: Status Quo on CO webpage & name

Mike,

Aaron Patnode and I had talked about the plans for opinion research regarding Cover Oregon more than a month prior to his start date as executive director.

As part of my first day transition briefing I told Aaron about your and my discussion a week ago last Friday evening regarding the need for opinion research and how it would not be needed if we left the Cover Oregon webpage and name unchanged until after the elections. I told him I thought you and I had agreed that CO would not proceed with the opinion research as we would not have to discuss the Board's need to deal with a web site and name change. Since then we heard at the transition steering committee meeting that it has been determined that there will be a new webpage with a new name that will become Oregon's healthcare portal. There seemed to be some confusion on this point when it was discussed briefly.

Aaron told me he has concerns about the changes described. He and I think it would be good if the three of us could talk. Can we schedule a 15 minute call with you yet this week.

Thanks,

Clyde

From: Fauver Amy <[REDACTED]@coveroregon.com>
Sent: 4/2/2014 4:30:07 PM +0000
To: HARMONJOHNSON Nkenge * GOV
HARMON JOHNSON STATE EMAIL >
Subject: FW: Invitation to the House Oversight and Government Reform Committee's April 3 Hearing
Attachments: Nongov Witness Instruction Sheet J SC.pdf; TNT.pdf
See attached

Amy Fauver | Chief Communications Officer | Cover Oregon | [REDACTED]
[REDACTED]

From: Majority Staff [REDACTED] (OGRR)" <[REDACTED]@mail.house.gov>
Date: Friday, March 28, 2014 7:52 AM
To: Amy Fauver [REDACTED]@coveroregon.com>
Subject: RE: Invitation to the House Oversight and Government Reform Committee's April 3 Hearing

Yes, correct Mr. Van Pelt is attending in Dr. Goldberg's place. I have that confirmed.

Since Mr. Van Pelt is not a government employee, please send me the attached disclosure form as soon as it's complete. Also, please attach the completed form behind each printed copy of his testimony/bio.

Thank you.

From: Fauver Amy [REDACTED]@coveroregon.com]
Sent: Thursday, March 27, 2014 8:54 PM
To: Majority Staff [REDACTED] (OGRR)
Subject: Re: Invitation to the House Oversight and Government Reform Committee's April 3 Hearing

Sarah, As I indicated in my earlier email Dr. Goldberg cannot appear and Greg Van Pelt is appearing in his place. Mr. Van Pelt is not a government employee. I don't think I've seen the disclosure form you mention. Just to be sure I have everything can you send me what he needs to fill out in advance?

Thanks,
Amy

Amy Fauver | Chief Communications Officer | Cover Oregon | [REDACTED]
[REDACTED]

From: Majority Staff [REDACTED] (OGRR)" <[REDACTED]@mail.house.gov>
Date: Thursday, March 27, 2014 2:05 PM
To: Amy Fauver [REDACTED]@coveroregon.com>
Subject: RE: Invitation to the House Oversight and Government Reform Committee's April 3 Hearing

I apologize for attaching the non-governmental witness instruction sheet with the invite. Since Dr. Goldberg is a government employee, he does not have to complete a disclosure form.

From: Majority Staff [REDACTED]
Sent: Wednesday, March 26, 2014 5:57 PM
To: [REDACTED]@coveroregon.com'
Cc: [REDACTED]
Subject: Invitation to the House Oversight and Government Reform Committee's April 3 Hearing

GOV_HR00079420

Good evening,

On Thursday, April 3, 2014, the Oversight and Government Reform is holding a joint hearing titled, "Examining ObamaCare's Problem-Filled State Exchanges." Attached is a document inviting Dr. Goldberg to testify before the Committee at this joint hearing at 2:00 p.m. in 2154 Rayburn House Office Building. Please confirm attendance with Emily Martin (cc'd) as soon as possible.

Regarding logistics, we request that you submit an electronic version of the testimony and bio **no later than 10:00 a.m. on Tuesday, April 1st**. Also, please attach a copy of the bio behind each one of the 50 printed copies of the written testimony. We ask that these 50 copies of the written testimony and bio be delivered to 2157 Rayburn **no later than 10:00 a.m. on Tuesday, April 1st**. Given the distance that he will traveling, please email me directly about possibly waiving that request.

Thank you and we look forward to seeing Dr. Goldberg on April 3rd.

Majority Staff



Witness Instruction Sheet
Non-governmental Witness
Joint Subcommittee Hearing

The following are pertinent rules and procedures applicable to a witness testifying before the Committee on Oversight and Government Reform.

1. The witness should prepare written testimony, provide a short biographical summary, and complete the “Truth in Testimony” disclosure form. **These three documents need to be provided to the Committee no later than 10:00 a.m. two business days prior to the hearing.**
 - a. Electronic submission: The witness should submit an electronic version of the written testimony, biographical information, and completed disclosure form to [REDACTED] Assistant Clerk, at [REDACTED]
 - i. The Committee prints the final record after the hearing. Considering printing costs, please submit your testimony single-spaced and no font size larger than 12 point.
 - b. Delivery of hard copies: The witness should print 50 copies of the written testimony and staple a copy of the biographical summary and a copy of the completed disclosure form behind each copy of the written testimony. These 50 packets should be delivered to [REDACTED] at 2157 Rayburn House Office Building. Please do not send the packets by U.S. Mail, UPS, Federal Express, or other shippers. Such packages are processed through an offsite security facility and will arrive 7-10 days late.
2. At the hearing, the witness will be asked to summarize his or her written testimony in five minutes or less in order to maximize the time available for discussion and questions. However, the written testimony may extend to any reasonable length.
3. At the conclusion of the hearing, the witness’ written testimony, biographical summary, and completed disclosure form will be posted on the Committee’s website. The documents will also be entered into the hearing record. Therefore it is recommended that personally identifiable information, such as addresses and phone numbers, not be included.
4. The Committee does not provide financial reimbursement for witness travel or accommodations. However, a witness with extenuating circumstances may submit a written request for such reimbursements to [REDACTED] Financial Administrator, 2157 Rayburn House Office Building, at least one week prior to the hearing. Reimbursements will not be made without prior approval.
5. A witness with a disability should contact Committee staff to arrange any necessary accommodations.
6. The Committee on Oversight and Government Reform is the principal oversight committee in the U.S. House of Representatives. The jurisdiction of the Committee is set forth in the House Rules X, clauses 1(m), 2, 3, and 4.
7. Committee Rules governing this hearing are online at <http://oversight.house.gov/>.

For inquiries regarding these rules and procedures, please contact the Committee on Oversight and Government Reform at [REDACTED]

Committee on Oversight and Government Reform
Witness Disclosure Requirement – “Truth in Testimony”
Required by House Rule XI, Clause 2(g)(5)

Name:

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2011. Include the source and amount of each grant or contract.

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2010, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

I certify that the above information is true and correct.

Signature:

Date:

From: HARMON JOHNSON Nkenge * GOV
HARMON JOHNSON STATE EMAIL>
Sent: 4/1/2014 10:16:54 PM +0000
To: WRAY Rachel * GOV [REDACTED]@oregon.gov>
Subject: please edit the attached
Attachments: 040114 Memo to Hearing Prep Memo.docx

Rachel "Right-hand" Wray, without delay please edit the attached. I haven't read through this since drafting so you will see plenty to repair. (Nor did I spell check it before attaching to this document. No bueno.)

I will have it prettied up before send to the recipient but need your edits to make it ready.

Thank you,
NHJ

PS: While I'm thinking of it I'm adding this note to self. In the What to Expect section, remember to add mention that the Oregon Congressional delegation will receive a copy of his testimony before he delivers it as well as suggested talking points that they may wish to use if asked about the hearing, Cover Oregon, Greg, or Bruce.

April 1, 2014

Memo to Greg Van Pelt

Regarding Preparation for Congressional Committee on and Government Reform Hearing from Nkenge Harmon Johnson

The Committee on Oversight and Government Reform of the U.S. House of Representatives requested that the interim director of Cover Oregon, Dr. Bruce Goldberg, serve as a witness at a hearing this week. Dr. Goldberg is unable to fly to Washington, DC due to an injury. In your role as an advisor to Governor Kitzhaber and to Dr. Goldberg, you have agreed to appear before the committee in place of Dr. Goldberg. The hearing is titled "Examining ObamaCare's Problem-Filled State Exchanges."

Supporting you in Washington, DC will be Health Care Policy Advisor to Governor Kitzhaber Sean Kollmer, You will be accompanied by the Governor's Health Care Policy Advisor Sean Kollmer, Special Assistant Attorney General Elliot Berke, and Government Affairs Associate Stephanie. You will receive preparation materials and support from others in Oregon. If you have questions or a request for additional information please notify Sean, Elliot, or Nkenge Harmon Johnson, Governor's Kitzhaber's Communications Director. A list of contact information is attached to this memo for your use.

Other witness joining you on the panel will be:

- **Mr. Joshua Sharfstein, M.D., Chairman, Maryland Health Benefit Exchange Board Maryland Health Insurance Exchange**
- **Ms. Jean Yang, Executive Director Massachusetts Health Insurance Exchange**
- **Mr. Tom Matsuda, Interim Director of the Hawaii Health Insurance Exchange**
- **Mr. Scott Lietz, Interim Chief Executive Office Minnesota Health Insurance Exchange**
- **Mr. Peter Lee, Executive Director California Health Insurance Exchange (He is the one witness invited by the Democratic Ranking Member.)**

In an update to this memo, we will provide you with information about the testimony that they are expected to give.

The hearing will jointly be convened by the on Economic Growth, Job Creation & Regulatory Affairs and Energy Policy, Health Care & Entitlements subcommittees, chaired by Reps. Jim Jordan of Ohio of and James Lankford of Oklahoma. The Democratic Ranking Members of the subcommittees are Reps. Matt Cartwright of and Jackie Spear of California.

As described by the chairman, the Subcommittee on Economic Growth, Job Creation, and Regulatory Affairs, conducts oversight of issues affecting the ease with which firms do business and how federal government policies impact Americans' pocket books. The Subcommittee focuses on understanding policies that will get

Americans back to work and reduce unnecessary regulatory barriers and allow free enterprise to drive prosperity.

The Subcommittee on Energy Policy, Health Care & Entitlements, as noted on its own description, oversees the federal government's role in domestic energy production, the health care system and entitlement programs. This subcommittee also conducts oversight of the Administration's implementation of Obamacare and issues pertaining to the unsustainable trajectory of America's entitlements, including Medicare, Medicaid and federal disability programs.

The full Committee on Oversight and Government Reform is chaired by Rep. Darrell Issa of California and the Ranking Member is Rep. Elijah Cummings of Maryland. Chairman Issa and Ranking Member Cummings are expected to participate in the hearing because witnesses from their home states will be on the panel with you.

The members of the subcommittees are:

Subcommittee on Economic Growth, Job Creation & Regulatory Affairs

Republican Representatives

Chairman Jim Jordan, Ohio

Ron DeSantis, Florida

Cynthia Lummis, Wyoming

Doc Hastings, Washington

Doug Collins, Georgia
John Duncan, Tennessee
Kerry Bentivolio, Michigan
Mark Meadows, North Carolina
Pat Meehan, Pennsylvania
Patrick McHenry, North Carolina
Paul Gosar, Arizona
Scott Desjarlais, Tennessee

Democrat Representatives

Matt Cartwright, Pennsylvania
Danny Davis, Illinois
Gerald Connolly, Virginia
Robin Kelly, Illinois
Steven Horsford, Nevada
Tammy Duckworth, Illinois

Subcommittee on Energy Policy, Health Care & Entitlements

Republican Representatives

Chairman Rep. James Lankford, Oklahoma
Paul Gosar, Arizona
Blake Farenthold, Texas
Doc Hastings, Washington
Jason Chaffetz, Utah
Jim Jordan, Ohio
Pat Meehan, Pennsylvania
Patrick McHenry, North Carolina
Rob Woodall, Georgia
Scott Desjarlais, Tennessee
Thomas Massie, Kentucky
Tim Walberg, Michigan

Democrat Representatives

Chairwoman Jackie Speier, California
Danny Davis, Illinois
Eleanor Holmes Norton, District of Columbia
Jim Cooper, Tennessee
Matt Cartwright, Pennsylvania
Michelle Lujan Grisham
Steven Horsford, Nevada
Tammy Duckworth, Illinois
Tony Cardenas, California

TIMING

You are tentatively scheduled to arrive at the Hearing Room 2154 in the Rayburn House Office Building, Washington, DC, by 9:35 AM. The hearing is scheduled for Thursday, April 3, 2014 at 10:00 AM ET to 1:00 PM. (That will be a 1:00 PM start time for Portland.) The hearing may be available to view live streaming from the Committee's website at <http://oversight.house.gov>.)

The Members may have debate periods or votes on the House floor that will prompt them to come in and out of the room at various times. The Chairmen might also briefly pause the hearing if Members need additional time to travel to and from the House floor to complete a series of votes. Throughout the three hour time period you can expect to be seated at the witness table, along with the five others who are giving testimony.

WHAT YOU MAY HEAR

Expect that the tone of this hearing and the questions that are posed to you may be strident, aggressive and partisan. The full committee has a recent history of strong differences between the Republican Chairman Issa and Democrat Ranking Member Cummings, including an occasion during which the Chairman had a microphone turned off when he wished for him to stop speaking. Some members of the subcommittees are opponents of the Affordable Care Act. Others may oppose President Obama's larger political agenda and may use this hearing an

opportunity to attack his position. Another motivation from some members of the committee may be to focus on the wisdom of their home states that did not elect to build their own insurance exchanges.

You are likely to notice that some members of the subcommittees will be interested in the successes and positive steps that Oregon and the other states have achieved to enroll more Americans in health care coverage. Some may ask you about the steps that Oregon has taken to recover from the problems of the October 1st launch. Others may ask how the First Data and other assessments initiated in our state have helped to right the ship moving forward. Throughout their comments you may hear information about enrollments in their home states, and their view of the goals of the ACA to improve the lives of people across the country. Some may also discuss the challenges that are inherent with beginning any new, large project.

Members of the subcommittee will ask whether the IT infrastructure at Cover Oregon works at all. Some Representatives will be surprised to learn that we use the parts of the system to help Oregonians shop for health insurance plans, to process their applications, and identify whether they are eligible for tax credits, and so on.

While your audience is the members of the subcommittees, their staffs, and other Members of Congress, you will also be talking to the people of our state. All will

Three key messages that you will deliver at the hearing are:

- 1. Health care reform is about reforming the care that is being delivered. The Affordable Care Act was critical for our state to focus our efforts on delivery system reform.**
- 2. Through our partnership with the administration, we are seeing the results of reducing the cost of care while improving the quality of care saving Oregon and the federal government money.**
- 3. Oregon implementation of the Affordable Care Act is working. We have successfully covered more than 300,000 individuals into quality, affordable health coverage. Success is not about a website but enrolling Oregonians into coverage. Our insurance market is one of the most competitive in the country and saving Oregonians money.**

If a question is posed for which you do not know the answer, or if you are unsure of the needed data, simply reply, "I don't know that answer, Congressman, but I will get back you with that information." You may also wish to say, "I want to be sure to give you the best answer to your question. Please allow me to make a note of your question and promptly get back to you in writing." Sean will take note of any questions for which you offer to follow up. Then Cover Oregon will compile answer and provide replies to the members. Elliott will provide additional coaching about how to answer questions.

You are not scheduled to offer interviews or media availabilities before or after the hearing. The plan is to let your written testimony, and oral statements during the hearing, speak for themselves. In the unlikely event that changes, you, Sean, Elliot and I will discuss the possibilities.

ADDITIONAL PREPARATION AND MATERIALS

In addition to this memo, to help you prepare for the hearing you will receive:

- Contact list for quick access to staff and counsel
- Draft testimony for submission to the subcommittee
- Final testimony for submission to the subcommittee
- Sample questions that you may be asked and possible answers that you may give
- Brief opening statement for you to read at the hearing (derived from your longer written testimony)
- Brief closing statement thanking the subcommittees for the opportunity to appear as a witness and to share part of Cover Oregon's story

Please let me know if you wish to have additional materials. After the hearing you will receive news clips to show you how the event is being covered by the media.

###

Message

From: [REDACTED] BONETTO PERSONAL EMAIL
Sent: 3/21/2014 10:48:02 PM
To: Mark Wiener [REDACTED]; Kevin Looper [REDACTED] LOOPER PERSONAL EMAIL; Patricia McCaig [REDACTED]; Nkenge [REDACTED] HARMON JOHNSON CONSULTANT EMAIL; Tim Raphael [REDACTED] RAPHAEL PERSONAL EMAIL
Subject: 4:30 phone call today...

SWAT Team -

Please see email below from House Oversight Cmt to Cover Oregon requesting Bruce as a witness. Need to make a decision on this by Monday. Nkenge and I have talked and have some thoughts but wanted to make sure you were in the loop. Sorry for the short notice...but would like us to connect at 4:30 if possible. If the call time doesn't work for enough of you...we can look to schedule something over the weekend.

Thx

[REDACTED]

From: Majority Staff [REDACTED]
Date: Thursday, March 20, 2014 10:57 AM
To: Amy Fauver [REDACTED]
Cc: Majority Staff [REDACTED]
Subject: Oversight and Government Reform Committee Hearing

Hello Amy,

I am writing to inform you that the Oversight and Government Reform Committee Subcommittee on Economic Growth, Job Creation and Regulatory Affairs and the Subcommittee on Energy Policy, Health Care and Entitlements is holding a joint hearing on state exchanges on April 3rd at 2pm. The Chairman requests that the Acting Executive Director, Dr. Bruce Goldberg, appear as a witness. A formal invitation and information about written and oral testimony will follow this email. Please confirm Dr. Goldberg's attendance by Monday, March 24th. Please let me know if you have any questions.

Thanks,

[REDACTED]

[REDACTED]

Counsel
Committee on Oversight & Government Reform
Darrell E. Issa, Chairman

[REDACTED]

From: Mike Bonetto [BONETTO PERSONAL EMAIL] >
Subject: Sunday 4:00 phone call
Date: March 21, 2014 at 4:24:00 PM PDT
To: Mark Wiener [REDACTED], Kevin Looper [LOOPER PERSONAL EMAIL] >, Nkenge [HARMON JOHNSON CONSULTANT EMAIL] >, Patricia McCaig [REDACTED], Tim Raphael [RAPHAEL PERSONAL EMAIL] >

Ok...let's schedule this for Sunday at 4:00

Sent from my iPhone

On Mar 21, 2014, at 4:04 PM, Mike Bonetto [BONETTO PERSONAL EMAIL] > wrote:

I'm fine pushing back until the weekend. Mark to your point on excepting or declining invitation...remember that if you decline you can always be subpoenaed.

Sent from my iPhone

On Mar 21, 2014, at 3:53 PM, Mark Wiener [REDACTED] > wrote:

4:30 is a bit of a challenge for me - weekend fine. Is this an invitation that can be credibly declined? Going before Issa is the functional equivalent of going before McCarthy (and I don't mean Eugene).

Mark Wiener
[REDACTED]

On Mar 21, 2014, at 3:48 PM, Gmail [BONETTO PERSONAL EMAIL] > wrote:

SWAT Team -
Please see email below from House Oversight Cmt
to Cover Oregon requesting Bruce as a witness.
Need to make a decision on this by Monday.

Nkenge and I have talked and have some thoughts but wanted to make sure you were in the loop. Sorry for the short notice...but would like us to connect at 4:30 if possible. If the call time doesn't work for enough of you...we can look to schedule something over the weekend.
Thx

[REDACTED]

From: <Martin>, Emily
[REDACTED]
Date: Thursday, March 20, 2014 10:57 AM
To: Amy Fauver
[REDACTED]
Cc: "Goto, Meinan"
[REDACTED]
Subject: Oversight and Government Reform Committee Hearing

Hello Amy,

I am writing to inform you that the Oversight and Government Reform Committee Subcommittee on Economic Growth, Job Creation and Regulatory Affairs and the Subcommittee on Energy Policy, Health Care and Entitlements is holding a joint hearing on state exchanges on April 3rd at 2pm. The Chairman requests that the Acting Executive Director, Dr. Bruce Goldberg, appear as a witness. A formal invitation and information about written and oral testimony will follow this email. Please confirm Dr. Goldberg's attendance by

Monday, March 24th. Please let me know if you have any questions.

Thanks,
Emily

Emily Martin
Counsel
Committee on Oversight & Government Reform
Darrell E. Issa, Chairman
[REDACTED]

Winning Mark
[REDACTED]

From: Nkenge [REDACTED] HARMON JOHNSON CONSULTANT EMAIL >
Subject: PDF of final testimony Congressional sub-comte hearing
Date: April 2, 2014 3:50:17 PM PDT
To: Tim Raphael [REDACTED] RAPHAEL PERSONAL EMAIL >
Cc: Dmitri Palmateer [REDACTED] PALMATEER PERSONAL EMAIL >, Mike Bonetto [REDACTED] BONETTO PERSONAL EMAIL >, Patricia McCaig [REDACTED], Mark Wiener [REDACTED], Fulcrum [REDACTED] crumpolitical.com>, Scott Nelson [REDACTED] ohnkitzhaber.com>
Reply-To: Nkenge [REDACTED] HARMON JOHNSON CONSULTANT EMAIL >

All: See attached final version of Greg's testimony for tomorrow's hearing. He will submit it to the record, along with the First Data report.

CO is requesting that the comte post this document on its website. Other states may have updates, too. In which case, the comte may hold in order to load them all.

-NHJ

From: Tim Raphael [REDACTED] RAPHAEL PERSONAL EMAIL >
To: Nkenge [REDACTED] HARMON JOHNSON CONSULTANT EMAIL >
Cc: Dmitri Palmateer [REDACTED] PALMATEER PERSONAL EMAIL >; Mike Bonetto [REDACTED] BONETTO PERSONAL EMAIL >; Patricia McCaig [REDACTED]; Mark Wiener [REDACTED] >; Fulcrum <[REDACTED].com>; Scott Nelson [REDACTED] >
Sent: Wednesday, April 2, 2014 11:20 AM
Subject: Re: Draft of testimony for Congressional sub-comte hearing

Nkenge,

Priority changes are attached. Patricia and I have reviewed the testimony and have focused edits in two areas:

- 1) Greg's introduction - with a goal of establishing his private sector health care credibility and volunteer capacity with the state; and
 - 2) The transition from ACA success to broken website and the Governor's action to make sure it is not a barrier to enrollment.
- We have not tried to wordsmith the doc...I think it is important to

get the attached changes to Elliot and Greg.
Best,
Tim

Tim Raphael
[REDACTED]
[REDACTED]

On Apr 2, 2014, at 10:29 AM, Nkenge
[REDACTED] <[REDACTED]@HARMONJOHNSONCONSULTANTEMAIL> wrote:

Also see this attachment from which our counsel in DC (Elliot and his staff) is working to finalize Greg's oral testimony, and all. If you have suggestions and or edits please make them in the body of the text. Elliot will work to incorporate.
-NHJ

From: Nkenge Harmon <[REDACTED]@HARMONJOHNSONCONSULTANTEMAIL>
To: Dmitri [REDACTED] <[REDACTED]@PALMATEERPERSONALEMAIL>
Cc: Tim Raphael [REDACTED] <[REDACTED]@RAPHAELPERSONALEMAIL>; Mike Bonetto [REDACTED] <[REDACTED]@BONETTOPERSONALEMAIL>; Patricia McCaid [REDACTED] <[REDACTED]>; Mark Wiener [REDACTED] <[REDACTED]>; Fulcrum <[REDACTED]>; Scott Nelson <[REDACTED]>
Sent: Wednesday, April 2, 2014 10:13 AM
Subject: Re: Draft of testimony for Congressional sub-comte hearing

On Monday, Mike emailed delegation CoS and State Dirs. He told them that Greg is going in place of Bruce, and that we have retained counsel in DC (Elliot Berke) to assist with the hearing. Mike sent bios for Greg and Berke. He invited them to speak to Elliot on Tuesday during a conference call that Liani set up.

Wyden-Finance, Blumenauer, and Bonamici's offices took him up on the offer to talk to Elliot during a 30 min call yesterday.

Mike also told the delegation that he would be in touch the night before the hearing to give them Greg's testimony and key points. I understand that he'll send similar emails to leadership here. I send the same materials directly to Comms Dirs. It has become my practice to send press releases, talking points, etc. to Robin and Jared at the same time that I send info to the delegation Comms Dirs. I'll repeat that today.

-NHJ

From: Dmitri <[REDACTED]@PALMATEER PERSONAL EMAIL>
To: Nkenge Harmon <[REDACTED]@HARMON JOHNSON CONSULTANT EMAIL>
Cc: Tim Raphael <[REDACTED]@net>; Mike Bonetto <[REDACTED]@com>; Patricia McCaid <[REDACTED]>; Mark Wiener <[REDACTED]>; Fulcrum <[REDACTED]>; Scott Nelson <[REDACTED]>
Sent: Tuesday, April 1, 2014 5:54 PM
Subject: Re: Draft of testimony for Congressional sub-comte hearing

Where are we at on this? Do we have a final version of his testimony to look at? I'm assuming we have communicated with our federal friends what the talking points post hearing will be...those might be helpful to share with state legislative leaders as well as some of our friends in labor. Perhaps there have been some off line communication around this, but I wanted to check in before it is too late.

Dmitri

Sent from my iPhone

On Apr 1, 2014, at 8:24 AM, Nkenge Harmon <[REDACTED]@HARMON JOHNSON CONSULTANT EMAIL> wrote:

Good morning, All. Testimony is due today to the committee. Greg was granted a waiver and does not need to carry 50 hard copies of the testimony to the committee's office. Still, we need to send the digital file this morning. So if you have edits do send them to me now.

Please note that additional edits will be made to the opening statement (oral testimony) that Greg delivers.

Thanks,
NHJ

From: Tim Raphael [REDACTED] <[REDACTED]@RAPHAEL PERSONAL EMAIL>
To: Nkenge Harmon Johnson [REDACTED] <[REDACTED]@HARMON JOHNSON CONSULTANT EMAIL>
Cc: Mike Bonetto [REDACTED] <[REDACTED]@BONETTO PERSONAL EMAIL>; Patricia McCaid [REDACTED] <[REDACTED]>; Mark Wiener [REDACTED] <[REDACTED]>; Fulcrum [REDACTED] <[REDACTED]>; Scott Nelson [REDACTED] <[REDACTED]@PERSONAL>; Dmitri Palmateer [REDACTED] <[REDACTED]>
Sent: Monday, March 31, 2014 5:24 PM
Subject: Re: Draft of testimony for Congressional sub-comte hearing

Nkenge,
It is difficult for me to respond without some more context on the committee and the ask from the committee. It seems unlikely we can get away with not describing the Cover Oregon technology problems, reviews and solutions in more detail. I'm also trying to figure out how we should talk about the GAO investigation and whether we can use it to our advantage. I also don't like the idea of describing Greg as a special advisor to the Governor.

Tim
Tim Raphael

[REDACTED]
[REDACTED]

On Mar 31, 2014, at 1:46 PM, Nkenge Harmon [REDACTED] <[REDACTED]@HARMON JOHNSON CONSULTANT EMAIL> wrote:

All, see attached early draft for your thoughts.

Thanks,
NHJ

<GVP planningbgedits_v2.docx>

From: BONETTO Mike * GOV [REDACTED] BONETTO STATE EMAIL >
Sent: 1/14/2013 6:40:52 AM +0000
To: 'King Rocky' [REDACTED]@coveroregon.com>; KOLMER Sean P * GOV
[REDACTED] KOLMER STATE EMAIL >
CC: Fauver Amy [REDACTED]@coveroregon.com>; Karjala Aaron
[REDACTED]@coveroregon.com>; LAWSON CAROLYN
[REDACTED]@state.or.us>; Harms Kelly
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[REDACTED]@coveroregon.com>; "Jovick, Tom"
[REDACTED]@coveroregon.com>
Subject: RE: CCIIO Visit

Many thx Rock...great update.

MB

From: King Rocky [REDACTED]@coveroregon.com]
Sent: Sunday, January 13, 2013 1:48 PM
To: BONETTO Mike * GOV; KOLMER Sean P * GOV; GOLDBERG Bruce; SAVAGE Louis D;
SPEIGHT BARNEY H
Cc: Karjala Aaron; delaRosa Triz; LAWSON CAROLYN; Leibowitz Nora; Fauver Amy; Morawski
Lisa; Harms Kelly; Jovick, Tom
Subject: CCIIO Visit

A thank you to Mike, Sean and Jan who helped make this week a great one with the Governor's attendance at our Board meeting.

The following are some general observations and, in some cases, some really good news.

The representatives of CCIIO headed out Friday afternoon to a) resume a vacation b) visit another state visit or c) to return to DC. They all had smiles on their faces.

Their schedule included attendance at the Board meeting on Friday, a dinner with the executive team that evening and then 4 segments on Friday, including a demonstration and run-through of the UI experience (they sat there and took a book of notes), policy meetings with Cover Oregon and Insurance Division staff and a debriefing at the conclusion of their visit.

First, it should go without saying that the Governor's presence and remarks were well received. It is a gesture they did not expect and I believe will have benefits for the state that certainly go beyond Thursday's meeting. Their discussion that evening reflected their appreciation of the comments by both the Governor and the legislative representatives. In the debriefing, some of the discussion was on Oregon's legend throughout this process vs. what is real. They pointed out how real this was and the Governor was a big part of that – the legend grows.

Some **notable non-announcements** (meaning, they told us in our private meetings but made no public announcement):

1. 1. They will be announcing in the next week that our **grant request has been approved** in the amount of approximately \$226 million, **\$19 million less** than requested. They have also given us assurances that we could come in for a supplemental grant if the amount they did not approve is needed in year two.
- 2.
3. 2. They will be sending a letter to us providing **approval of our request to include school districts** in the exchange beginning October 2015. There will be some operational and cost allocation issues that we have to deal with, but it will be workable if the state is able to provide initial development funding (can not use Federal Grant Funds).
- 4.
5. 3. **Of great significance**, the policy experts on the phone from DC provided the **thumbs up** to our general **OMIP/Portability reinsurance idea(s)**. Devil in the details, but I believe Lou walked out with a big smile on his face. Also, a big thanks to Gary Cohen who did some prep work for us after discussion on Thursday evening at the dinner.

During the debrief they made the following observations (I've selected only the high-lights of an hour meeting):

1. 1. No state is as far along as ours and they are convinced if we can't do it, many of the others will not be able to. We are not necessarily ahead in every detail within the categories of construction (policy, business and IT) but taken together we stand out. There is only a handful that they believe are either with us or close (Maryland, Colorado, Rhode Island). They're giving us more dollars (on a per capita basis) than many other states and they believe the investment is worth it (we are their Hail-Mary as one of them put it).
- 2.
3. 2. One of their biggest concerns as they have talked or gone from state to state is the ability to bring up Medicaid in line with the Commercial side. They continue to have some skepticism as to whether we can pull this off (see number 3) and thus some continued and expanded IT funding for 2013 and 2014. They are behind us on this and know it will be down to the wire.

1. 3. It is all about shared services environmental challenges – they know it and we know it. They expressed that is the same for many of the other states, albeit few are attempting the integration we are. The challenge with Medicaid is not unique to state based exchanges, it is also the biggest hurdle for the federal exchange and federal-state partnerships.
- 2.
3. 4. They were impressed with the energy of the meeting, the staff throughout their visit and the general office environment. Much different than they experience in DC.

Other than point two and three, I asked them at the end of the debrief to name just one thing they are having a heartache or general concern about, a critical observation — something, anything and it was nada. They left more impressed than before they arrived!

So thanks to the Governor's office, Legislator Oversight committee members, Cover Oregon's staff and the executive team for a great couple of days.

Rocky

Rocky King | Executive Director | **Cover Oregon** | [REDACTED]

REEVES Liani * GOV

From: KING Rocky <[REDACTED]@coveroregon.com>
Sent: Friday, January 18, 2013 8:02 AM
To: BONETTO Mike * GOV; GOLDBERG Bruce; KOLMER Sean P * GOV; SPEIGHT Barney H
Subject: FW: Congratulations and thank you

just in case you haven't seen....

r

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From: Kane, Terence S. (CMS/CCIIO) [REDACTED]@cms.hhs.gov]
Sent: Friday, January 18, 2013 7:16 AM
To: King Rocky; Cowley, Amanda D. (CMS/CCIIO)
Subject: RE: Congratulations and thank you

Apparently we just missed Sarah Kliff in Portland. The Post just published her story about the Kitzhaber Medicaid experiment:

<http://www.washingtonpost.com/blogs/wonkblog/wp/2013/01/18/can-oregon-save-american-health-care/?hpid=z4>

Can Oregon save American health care?

By Sarah Kliff, Updated: January 18, 2013

PORTLAND, Ore. In 2011, Oregon Gov. John Kitzhaber faced a vexing problem: The state had a \$2 billion hole in its Medicaid budget and no good way to fill it.



Oregon Gov. John Kitzhaber has a plan to save Medicaid. (Robbie McClaran)

He could cut doctors' pay by 40 percent, but that might lead to them quitting Medicaid altogether. He could drop patients or benefits, but that would only compound costs in the long run. A former emergency room doctor, Kitzhaber remembers culling the Medicaid rolls in the 1980s, when he served as a state senator.

"When I went back home, and went back to the emergency department, I saw a couple of people who came in who lost coverage under that decision," he said. "One of them was a guy who had had a massive stroke. These people don't disappear."

So Kitzhaber did something that many before him have done in desperate times. The governor who favors cowboy boots over dress shoes made a bet that Oregon could not afford to lose.

The deal Kitzhaber struck was this: The Obama administration would give the state \$1.9 billion over five years, enough to patch the budget hole. The catch: To secure that, Oregon's Medicaid program must grow at a rate that is 2 percent slower than the rest of the country, ultimately generating \$11 billion savings over the next decade. If it fails, those federal dollars disappear.

Oregon is pursuing the Holy Grail in health-care policy: slower cost growth. If it succeeds, it could set a course for the rest of the country at a pivotal moment for the Affordable Care Act. Under the law, many states will expand Medicaid programs to cover everyone below 133 percent of the federal poverty line, adding 7 million Americans to the program in 2014 and leaving states looking for the most cost-effective way to cover that influx of patients.

In Oregon alone, Medicaid is expected to enroll 400,000 new patients by 2022, nearly doubling its current numbers, according to an Urban Institute analysis.

As Oregon's population grows, the state has come to realize that Medicaid is not a bottomless bucket of money. The state's budget cannot sustain that. Instead, it strives to deliver what health policy experts call "the triple aim": higher-quality care that leads to better outcomes, all delivered at a lower cost.

Under the new deal, Oregon does not get a lump-sum payment. Instead, the federal government doles out the \$1.9 billion over five years. If the state cannot deliver cost savings up front, while hitting certain quality metrics, it's cut off. The money it needs to keep doctor salaries stable and patients' benefits covered dries up.

"In terms of cost-control experiments, the likes of this are something we have never seen in health care," said John McConnell, a health policy researcher at Oregon Health & Science University who is studying the Oregon Medicaid waiver. "The natural questions are: Is it going to work? Is the state going to fix the budget? And if they do fix the budget, how are those savings accomplished?"

As Kitzhaber sees it, failure isn't an option. The state's Medicaid program needs that \$1.9 billion to make ends meet now, even if it means paying big dividends back to the federal government later. It's not unlike a payday loan, with a quick influx of cash and a large obligation to follow.

"There's no more money," Kitzhaber said. "This is one where you really have to change how you do business in order to survive."

The phone started ringing, Kitzhaber said, when he landed that \$1.9 billion. Other states wanted to know the trick. Then he explained what he committed to.

"We got a lot of calls, things like 'How did you get all that cash and how can we get some?'" he said. "They never called back."

30 years and no solution

Oregon has a long history of leadership when it comes to the Medicaid program, which covers nearly 62 million low-income and disabled Americans nationwide. In the early 1990s, it was among the first to use a federal waiver to expand limited coverage to all Oregonians living below the poverty line. Oregon's uninsured rate quickly dropped, from 18 percent in 1994 to 10 percent in 1998.

Maintaining a robust health plan, however, hasn't been easy. The state's tax revenue dropped during the economic downturn of the early 2000s. To keep the Medicaid program afloat, the state charged significantly higher co-pays for some: \$50 for an emergency room visit and \$250 for a trip to the hospital.

Medicaid enrollment shrank by 46 percent as patients affected by the changes left the program — likely relegated to the ranks of the uninsured — between February and December 2003, according to research published in the journal Health Affairs.

Separate research has found that when Medicaid premiums rise by 1 to 5 percent of an uninsured family's income, their odds of participating drop from 57 to 18 percent.

"For the last 30 years, both the private and public sector have done the same things to manage health-care costs," said Bruce Goldberg, the Oregon Health Authority director who oversees the Medicaid program. "They've cut people from coverage, cut payment rates or cut benefits

"It's been 30 years of doing that, and we haven't solved the problem."

This time around, Oregon wanted to try something different. Instead of dropping patients, the goal is to make high-quality health care less expensive.

Goldberg says that a small experiment in Oregon last year gave the state clues about a better way to reduce health spending. It took place at St. Charles Hospital in Bend, a mountain town known for its snowboarding, white-water rafting and microbreweries.

St. Charles noted that 144 patients tended to use the emergency room the most. Taken together, they averaged 14.25 trips each over 12 months. These patients drove much of the area's Medicaid spending.

Researchers focused on them. Despite the frequent visits to the ER, these patients tended to be disconnected from the system.

More than half did not list a primary-care doctor. Some didn't even have a preferred hospital: 27 percent had visited multiple ERs. The majority had unmet mental health needs, even though most had Medicaid, which provides mental health coverage.

Much of that seemed to have to do with the fragmented nature of Oregon's Medicaid program.

"In our old system, we had people who had a physical health plan, a mental health plan and a dental plan," Goldberg said. Patients would have three insurance cards, one for each type of service.

Where health-care services tended to be siloed, providers in Bend decided to integrate. It stationed community health workers in emergency rooms, who could help assess why patients had turned up.

Behavioral health specialists were embedded in clinics that traditionally dealt only with physical issues, in order to give patients a point of contact when they walked in the door.

The program was not a complete success. Of the 144 patients in the study, only 62 percent agreed to work with a community worker on a plan for their care. The others proved difficult to track down or did not want to participate.

Still, it did significantly change how the most-expensive patients used the health-care system. Emergency department visits fell by 49 percent. On average, the program generated about \$3,000 in savings per patient.

Now, the Oregon aims to bring an approach that worked with 144 patients in Bend to Medicaid's 564,470 patients across the state.

Oregon divided the state into 15 regions and gave each one a set amount to care for each patient. These regions can divvy their dollars however they please, so long as patients hit certain quality metrics, like ensuring that adolescents get well-care visits and that steps are taken to control high blood pressure.

The hope is that each of the 15 regions, known as community care organizations, will invest only in the most cost-effective health care. A behavioral health worker who can prevent emergency admissions becomes a lot more valuable, the thinking goes, when Medicaid funding is limited.

In this way, the Oregon plan has some parallels to Republican ideas to "block grant" the Medicaid program, and give states a set amount to run their programs. Both rely, in part, on a fixed budget to put downward pressure on health spending.

"You can call it what Oregon calls it, a global budget, or you can call it a block grant," said Tevi Troy, assistant Health and Human Services secretary under George W. Bush. "There's a semantic aspect to it. At the end of the day, we're talking about putting limits on what we'll spend on Medicaid."

Democrats have typically opposed block grant proposals out of fear that they could lead states to skimp on care to meet spending targets. Safeguards in the Oregon plan, like the quality metrics, however, have made the approach more palatable to liberals.

“The idea of a global budget is to try to wring those costs without actually making consumers or seniors bear the heaviest burden,” said Neera Tanden, the Center for American Progress president who has advised President Obama on health policy.

Hope in Prineville

At the Mosaic Medical clinic in Prineville, a tiny Central Oregon logging town of 9,192, Juana Martinez and Michelle Ortiz are practicing the type of medicine that Kitzhaber thinks could fix the system. They are community health workers, the ones who make sure that patients do not slip through the cracks.

“Back there, you just get patients’ vitals,” said Martinez, motioning toward the exam rooms. “Here, it’s more knowing about them and making sure you can help them.”



Dr. Mary Rogers performs a routine Childhood Wellness check on patient Lily Fargher at Mosaic Medical in Bend, Ore. (Robbie McClaran)

That’s what she and Ortiz have done with Rebecca Whitaker. The 53-year-old Medicaid patient moved to Prineville last year, after shuffling through three Arizona nursing homes in six years, while recovering from a stroke.

Doctors had prescribed her 28 medications. Her social anxiety would get so bad that, sometimes, she rubbed her hands raw. By the time Whitaker got to Prineville to live with her cousin, she had given up on the health-care system.

“I tried to make it on my own for three months,” she said. “I was a diabetic without insulin. I wore a size zero pants. I tried suicide twice. I swore I’d never see another doctor.”

At Mosaic Medical, Whitaker received care for her diabetes and blood pressure. She also began seeing the clinic's behavioral health specialist every week, who helped tend to her anxiety and depression.

Community health workers aided in other ways. They helped to ease her social anxiety by attending bingo night together. When Whitaker expressed an interest in moving out of her cousin's house, Martinez helped her find an apartment.

"They have been the most moral support I've ever had in my life," Whitaker said. "They cared, and that made me want to care. Little by little, when things got too frustrating in life, I'd see one of them. They changed my whole life."

Worry in Portland

The governor's gamble looms large for those who have to execute his plan: When you have a fixed number of health-care dollars, who gets the biggest slice of the spending?

The question weighs heavily on the doctors at Richmond Clinic in Portland, a federally qualified health center that sees a large load of Medicaid patients. Doctors there are pleased about the opportunity to be paid for some of the services they wouldn't now, like having a long talk with a patient about diabetes management.

"What we're excited about, with this whole transformation process, is having the mental space and time to address our patients' needs," said Nick Gideonse, the clinic's medical director. "If we can get off the reimbursement system that is totally dependent on face-to-face visits, we might have more space to anticipate our patients need, rather than respond to them as they happen."

The Richmond clinic recently added a behavioral health specialist to its staff. Rather than have the patient schedule a separate appointment at a different location, the specialist can pop in for a visit where a doctor notices unmet mental health needs.

"Almost every day, whoever is on for mental health will come down to the doctor's pod and say, 'Hey, does anyone have someone on their schedule we should talk about?'" Gideonse said. "They'll literally go through every provider's schedule and see who will benefit from a mental health touch."

At the same time, others at the Richmond Clinic worry about how big their share of the lump-sum payment will be.

"I'm reassured by people talking about the role primary care providers need to play," said Ern Teuber, the clinic's executive director. "Still, when we start talking specific dollars, the perception is there isn't enough money to go around and that somebody has to lose."

The worry is especially acute for the hospitals that tend to deliver more expensive types of medicine. Their business model has traditionally relied on keeping beds full, as each patient brought in new payments.

"If we can't reduce the cost of hospital care, we become a cost center rather than revenue generator," said Greg Van Pelt, chief executive of Providence Health. "If Medicaid is going to grow slower, you have to figure out a way to get it to cost less."

That process isn't always easy: Van Pelt notes that he has had to oversee workforce reductions, as the hospital has become more efficient. His providers, for example, started a program to reduce elective Caesarean-section births before 39 weeks, which can lead to costly medical complications. Fewer babies ended up in neonatal care and, suddenly, a smaller neonatal staff was needed.

"There's some tension since we haven't figured out how the funding breaks down yet," Van Pelt said. "Everyone is a little anxious."

To alleviate some of that worry, Kitzhaber is looking at creating an innovation fund for the state's hospital, one that rewards steps taken to reduce the care it provides.

"It's a huge issue, and there's no doubt that hospital business models are going to have to change," Goldberg said. "We've started an open, frank conversation about that fact."

Van Pelt thinks the potential rewards make the risks worthwhile.

"The first few years are going to be very difficult financially, politically and culturally," he said. "It'll be about hanging in there. We know this is the right thing for us to do. We all complain about health-care spending, but nobody does anything about it. Now, that's changing."

For Kitzhaber, the Medicaid experiment is just a beginning. If the state can achieve savings with this population, he could see using global budgets in the health plans that cover state workers and teachers. The private sector might get on board, too, if it sees proof that quality health care does not have to bankrupt employers.

Kitzhaber estimates that, if every state cut its Medicaid costs as Oregon plans to, the federal government would save \$1.5 trillion.

"Medicaid by itself isn't enough to change things," he said. "For a lot of hospitals, it's maybe 7 percent of their business. We have another 600,000 people the state covers. If their health-care costs grow slower, it's just a game changer for state budgets."

It's too early in the game to know whether this bet will pay off.

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From: King Rocky [mailto:[REDACTED]@coveroregon.com]
Sent: Friday, January 18, 2013 1:47 AM
To: Cohen, Gary M. (CMS/CCIIO); [REDACTED]@wecandobetter.org; delaRosa Triz; Leibowitz Nora; SAVAGE Louis D
Cc: Cowley, Amanda D. (CMS/CCIIO); Kane, Terence S. (CMS/CCIIO)
Subject: RE: Congratulations and thank you

Thanks Gary - we were very appreciative of the time all of you took with us. So here's to a successful launch October 1st!

r

Rocky King | Executive Director | **Cover Oregon** | 16760 SW Upper Boones Ferry Rd. Suite 200 | Durham, OR 97224
| Direct: [REDACTED] | Cell: [REDACTED] [REDACTED]@coveroregon.com | www.coveroregon.com

From: Cohen, Gary M. (CMS/CCIIO) [REDACTED]@cms.hhs.gov]
Sent: Thursday, January 17, 2013 8:14 PM
To: [REDACTED]@wecandobetter.org; King Rocky; delaRosa Triz; Leibowitz Nora; SAVAGE Louis D
Cc: Cowley, Amanda D. (CMS/CCIIO); Kane, Terence S. (CMS/CCIIO)
Subject: Congratulations and thank you

Liz, Rocky, Triz, Nora and Lou:

Just a quick note to congratulate you on the grant award today and to thank you for your gracious hospitality on my visit last week. I thought you might enjoy reading the relevant portion of the blog post which I put up on the CCIIO intranet site and distributed by email to all CCIIO staff on Monday.

I look forward to continuing to work with you.

Warm regards,

Gary

Dear CCIIO:

Last week I traveled out to Oregon with Amanda Cowley and Terence Kane to attend a meeting of the Board of the exchange, Cover Oregon. I wish that each of you had the opportunity to get out into the country to see all the work that is being done, building on what we do here, to make the ACA's promise of quality, affordable health insurance a reality.

Everyone we heard from thanked us for the great working relationship that exists between the state and CMS. Oregon's Governor, John Kitzhaber, came to the meeting to express his appreciation for the work that the Board, Exchange staff and we are doing together. Dr. Kitzhaber stressed that the Exchange is a key part of the broader transformation of the health care delivery system that he envisions in Oregon.

In my remarks I congratulated Oregon for being a leader in implementing the ACA. I noted that other states will benefit from the work it has done as they develop their own exchanges.

The next day we saw a demonstration of Cover Oregon's online application and discussed a number of issues with the Insurance Commissioner and DOI and Exchange staff. It was great to hear familiar voices of subject matter experts from Baltimore and Bethesda conversing with our state partners. The folks in Oregon let me know that they appreciate that we strive to give them as much flexibility as possible as they design and build an exchange that is best for their state.

Gary M Cohen
Director
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[REDACTED]@cms.hhs.gov

From: BENTLEY Phil <[REDACTED]@state.or.us>
Sent: 3/3/2014 1:36:23 AM +0000
To: PALMATEER Dmitri * GOV <PALMATEER STATE EMAIL [REDACTED]>
Subject: FW: Cover Oregon Reports
Attachments: 1 OR CO Monthly Quality Status Report Jan 2013 FINAL.pdf; 2 OR CO Monthly Quality Status Report Feb 2013 FINAL (3).pdf; 3 OR CO Monthly Quality Status Report Mar 2013 FINAL (2).pdf; 4 OR CO Monthly Quality Status Report Apr 2013 FINAL.pdf; 5 OR CO Monthly Quality Status Report May 2013 FINAL.pdf; 6 OR CO Monthly Quality Status Report June 2013 FINAL.pdf; 7 OR CO Monthly Quality Status Report Jul 2013 FINAL.pdf; 8 OR CO Monthly Quality Status Report Aug 2013 FINAL.pdf; 9 OR CO Monthly Quality Status Report Sept 2013 FINAL.pdf; 10 OR CO Monthly Quality Status Report Oct 2013 FINAL.pdf; 11 OR CO Monthly Quality Status Report Nov 2013 FINAL.pdf

Senator Boquist has raised concerns about the lack of information provided by the Executive Branch to the Cover Oregon oversight committee. See below

From: Sen Boquist
Sent: Saturday, March 01, 2014 10:14 AM
To: Sen Courtney
Cc: Bentley Phil; Rep Thompson
Subject: FW: Cover Oregon Reports

President Courtney:

To show how disjointed the Legislature's response is to Cover Oregon, the attached reports Senator Monnes Anderson and I got Wednesday, just came to light last night to Representative Thompson & Greenlick. That the advisory or oversight committee was misled is a severe understatement. I got an ear full last night in regard to the opinions of the House members from the oversight committee that has been misled by the Executive Branch.

At this point, the President & Speaker need to make a decision on the way forward. Either the Legislature accepts blame allowing the Governor to claim ignorance etc etc as the whole system fails, or empower the advisory & oversight committee as an interim joint committee, or dissolve it. LC and LFO are correct in saying the four members are powerless as a body or committee as the only requests of support can come from individual members. It is my opinion, if the President & Speaker do not act, now that is clear we were misled, the Executive Branch will lay the blame on the Legislature. Without swift action, including a probable special session, the entire health care system may collapse.

While I am willing to continue to serve in the capacity you appointed to me as Senator Morse's replacement, in spite of the intense criticism to come, I am not willing to do so without the powers of a committee vice chair under Senate, House, and Joint authorities. Therefore my recommendation is the President & Speaker appoint the four members respectively, as a formal interim joint committee, to report back to the President & Speaker on a monthly basis as envisioned under SB 99. This would mean Sen Monnes Anderson & Rep Greenlick would serve as Co-chairs while Rep Thomson & Sen Boquist as Vice Chairs. Again, in my opinion the failure of Cover Oregon will result in the failure of the entire State's health care system. If you do not see the connections then I would be happy to explain the simple yet complex issue.

Respectfully requested,

Brian J. Boquist

State Senator

From: Rocco Ken G
Sent: Wednesday, February 26, 2014 7:26 PM
To: Sen Boquist
Cc: Bentley Phil; Sen MonnesAnderson; Friesen Matt; Cummings Bob
Subject: RE: Cover Oregon Reports

Sen. Boquist: Attached are 11 monthly QA reports to Cover Oregon from 2013. There are also three additional reports that went to Cover Oregon and OHA early in 2013 that are not included, but that are available if you want them.

Let us know if you have any questions.

Thanks.

From: Sen Boquist
Sent: Friday, February 21, 2014 12:20 PM
To: Rocco Ken G; Cummings Bob
Cc: Bentley Phil; Sen MonnesAnderson; Friesen Matt
Subject: Cover Oregon Reports

Gentlemen:

Understand LFO may be in possession of some "maximus" reports for Cover Oregon during the time of Jan to Dec 2013?

I became aware of these "maximus" reports for the investigators this week. I was interviewed as a member of the oversight committee.

The oversight committee received monthly updates generally on the first Tuesday of each month. We were emailed reports followed by a telephone conference call if not an actual face to face meeting in the building. The most important report from Cover Oregon was September 13, 2013 when everything was on track for launch. Based on data from the investigators, the internal "maximus" report was in short saying we were not going to make the launch date. Not a little time or error but by months.

If LFO has copies the "maximus" report for August 2013 we'd like a copy very quickly.

Then if LFO has copies for January to December 2013 those would be helpful when available.

Lastly, we are receiving monthly if not more frequent status reports from the new management now.

Is there someone in LFO that can review these reports for accuracy for the Senate member of the oversight committee?

Regardless of whom voted for this thing in the beginning the future of Oregon's overall health care system is now at stake if Cover Oregon does not get fixed in some manner.

As to the powers of our committee, I've no real idea at this point but expect a brief from LC shortly.

Please let me know.

Brian J. Boquist

State Senator

Cover Oregon Oversight & Advisory Committee



**Oregon Health Insurance Exchange Corporation
(ORHIX) / Cover Oregon (CO)
Monthly Quality Status Report**

January 2013

Deliverable #2.3.e

Draft

Dated: February 15th, 2013

TABLE OF CONTENTS

SECTION 1: Introduction

The Oregon Health Insurance Exchange Corporation (ORHIX), now known as Cover Oregon (CO), recognizes the value of an independent, third-party to provide formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

- **Initial Risk Assessment** - identification of initial risks facing CO
- **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
- **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of January, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon.

SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, categories carry different relative weight when assessing the overall risk level of the effort. For example, while 12 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall HIGH (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is fully dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of January, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex and evolving landscape.
- CO has secured 226 million dollars in Level 2 funding for the project. Approximately 90 million of this amount is dedicated for the IT portion of the product.
- CO and OHA have decided to not merge and re-baseline the Seibel component of the ORACLE product suite. Additionally, they have decided other components of the ORACLE product suite should also be multi-instance allowing more flexibility and reducing risk for CO.

- As a result of the multi-instance ORACLE approach is was deemed best to have the CO ORACLE products reside on non-EXA or standard commercial platforms within in the ORACLE On Demand environment.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

<i>Quality Rating Category</i>	<i>QA Risk Level</i>	<i>Priority QA Recommendations</i>	<i>CO Risk Level</i>	<i>CO Response</i>
OVERALL HEALTH		<ul style="list-style-type: none"> See below for specific priority recommendations. Continue to review, update, and track all outstanding quality risks and recommendations. 		<ul style="list-style-type: none"> CO agrees with this risk assessment based on the statement that the endeavor itself is high risk. Much progress is being made and CO expects that to continue.
Business Mission and Goals	Med	<ul style="list-style-type: none"> CO is creating a Business Operations Plan as a supplement to the Business Plan. This is expected to be completed by early 2013. CO is updating the Medicaid enrollee modeling. This analysis should be shared with CMS and other States. MAXIMUS recommends that CO formally (in a letter) articulate the dates with OHA and DHS business units as to when the window for automation and operational changes will be closed for this release with respect to Medicaid. 		<ul style="list-style-type: none"> CO does not disagree with the findings, but believes they belong in other areas. None of the findings, risks or recommendations relate to "Business Mission and Goals" CO agrees that updated modeling should be shared widely. CO agrees that deadlines should be shared with OHA and DHS in a formal written document.
Roadmap	Med	<ul style="list-style-type: none"> A general road map has been defined that goes until 2016. The roadmap for the first release will be in flux until scope sizing is completed. Scope sizing is expected to be 		<ul style="list-style-type: none"> 2013 scope lockdown will define the Version 1 elements of the road map. Additionally, staff is compiling and prioritizing products and services for Version 2 and beyond.

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Quality Rating Category	QA Risk Level	Priority QA Recommendations	CO Risk Level	CO Response
		<p>completed for the Oct 2013 release no later than March 1st 2013.</p>		
<p>Scope</p>		<ul style="list-style-type: none"> • Develop clear milestones, tasks and checkpoints for the Scope lockdown and sizing for the month of February. This schedule should provide CO an indication of how much scope (if any) needs to be deferred as soon as possible (preferable by mid-February). • CO and OHA should resist prolonging the requirements window any further than March 1st as it will affect the organization and schedules of the testing, training, and operational execution of the project. • CO should establish formal trigger points for OHA Medicaid system development and business units and these trigger points should be communicated to the OHA staff and Director to ensure the appropriate focus applied to meet the deadlines for the project. See att C. 		<ul style="list-style-type: none"> • CO agrees that deadlines should be formally defined. In February CO established a deadline for MMIS inclusion. CO executive director sent a letter to OHA director informing him and organization of April 1 deadline, required deliverables, and CO mitigation strategies if deadline was not met. • Use case packets, which include the final requirements for the V1 build, will be delivered by March 1st. Agreed upon scope will be identified on March 1st.
<p>Schedule</p>		<ul style="list-style-type: none"> • Continue working towards a comprehensive integrated schedule for HIX-IT and OIS Shared Services. • Continue to identify project dependencies and critical paths. • Begin to Baseline pieces of the schedule and track for variance. Produce a variance report of the schedule. 		<ul style="list-style-type: none"> • CO agrees with this finding. • Cover Oregon continues to work closely with OHA to mitigate staffing shortages. We currently feel comfortable with the linkage via milestones in our schedules.

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Quality Rating Category	QA Risk Level	Priority QA Recommendations	CO Risk Level	CO Response
Budget	Med	<ul style="list-style-type: none"> Update the budget to reflect the new multi-instance architecture and organizational costs for CO. 		<ul style="list-style-type: none"> CO agrees with the recommendation. This area is low risk.
Funding		<ul style="list-style-type: none"> CO has secured 226 million dollars in Level 2 funding for the Exchange. 		<ul style="list-style-type: none"> CO agrees with the finding. This area is low risk.
Board Governance		<ul style="list-style-type: none"> Continue to work with the Board to maintain the Board Policy Manual, including adequate processes and controls related to potential conflicts of interest. 		<ul style="list-style-type: none"> CO agrees with the recommendation and assessment that this is a low risk area.
Inter-Org Coordination		<ul style="list-style-type: none"> Formally (in writing) provide clear dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. See Attachment D, "No Wrong Door" Cooperation. Work is progressing with the OHA business group with respect to "No Wrong Door". This work may need to mature and span over multiple system releases. 	Med	<ul style="list-style-type: none"> CO agrees that a formal written deadlines document is needed. In February, CO sent such a letter regarding MMIS inclusion in the build to OHA.
Org Management		<ul style="list-style-type: none"> The organization is growing at a very quick pace. CO is adapting and managing 		<ul style="list-style-type: none"> CO agrees.
Human Resources	Med	<ul style="list-style-type: none"> With the advent of the multi-instance architecture approach being taken, CO may need to re-evaluate their IT organization personnel and skill sets. CO should consider 		<ul style="list-style-type: none"> CO agrees and is re-evaluating personnel needs by working with OHA to determine ongoing maintenance and operations needs.

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Quality Rating Category	QA Risk Level	Priority QA Recommendations	CO Risk Level	CO Response
		adding an experienced Product Portfolio person. This skill set would be instrumental in defining the detailed features and functions of the product and creating and managing a detailed product roadmap for the various lines of business.		
Stakeholder Management		<ul style="list-style-type: none"> No findings 		<ul style="list-style-type: none">
Communication		<ul style="list-style-type: none"> As the final scope is defined the initial launch expectations may need to be reestablished with the various stakeholders. MAXIMUS expects that additional changes may occur as final development and testing is accomplished. The communication of these changes will need to be managed with the stakeholders and public. 		<ul style="list-style-type: none"> CO concurs with need to clarify effort and re-establish expectations, and that as changes are made the communications team will need to manage the communication of any changes. Not noted by QA, but the following occurred in January 2013: CO had a communications RFP on the street, collected responses, a team scored responses and finalists were invited to give presentations.
Project Management	Med	<ul style="list-style-type: none"> See attachment B Detailed reporting and tracking. The Project Management foundational documents are awaiting a formal QC review. See attachment F Risk Analysis for Security Approach. 	Med	<ul style="list-style-type: none"> CO agrees with this finding. Cover Oregon has made significant progress in it's coordination with HIX-IT project planning documentation. In addition, we are contracting for an independent security audit to validate the security models and controls in the system.
Contract Management	Med	<ul style="list-style-type: none"> Clearly tie contractor work to the project WBS and schedule. Track progress (% complete) accordingly. 	Med	<ul style="list-style-type: none"> CO agrees Contract work is tracked within the CO schedule along with other tasks in the effort.

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Quality Rating Category	QA Risk Level	Priority QA Recommendations	CO Risk Level	CO Response
Product Content	High	<ul style="list-style-type: none"> User Interface work by Deloitte is scheduled to be completed in by March 1st. This timeline is problematic. See Attachment A, C, and D. 	High	<ul style="list-style-type: none"> CO agrees Deloitte is delivering the highest priority UI documentation by March 1st with the remainder on March 8th. CO is pursuing an independent security audit to address potential security concerns. CO is working closely with OHA and DHS to determine an appropriate strategy for delivering Medicaid integration on October 1st. Medicaid integration is of high importance.
Testing	Med	<ul style="list-style-type: none"> Create a comprehensive Test Plan that outlines the strategy for iteration and UAT & IV&V testing to be conducted by CO The first draft of the CO test plan is due out mid-February. Moving the CO off the Exa environment may result in a new environment for the test work. OHA System Integration Testing is scheduled to significantly overlap CO User Acceptance Testing due to the tight schedule. This is not an ideal situation and can cause coordination issues among the groups. Care should be taken not to impinge or reduce the testing window any further. 	Med	<ul style="list-style-type: none"> CO agrees CO is working closely with OHA to build a comprehensive test plan. The CO UAT test plan was created to dovetail into the larger OHA strategy. CO is working with OHA to ensure the priority testing areas receive the originally full planned duration.

Table 2: QA Risk Level Tracking

Quality Rating Category	June '12	July '12	Aug '12	Sep '12	Oct '12	Nov '12	Dec '12	Jan '13	Feb '13
OVERALL HEALTH									
Business Mission and Goals				M	M	M	M	M	
Roadmap			M	M	M	M	M	M	
Scope									
Schedule									
Budget	M	M	M	M	M	M	M	M	
Funding	M	M	M	M	M	M	M		
Board Governance	M	M	M	M					
Inter-Org Coordination									
Organizational Management	M	M	M	M	M				
Human Resources	M	M	M	M	M	M	M	M	
Stakeholder Management	M	M							
Communication	M	M	M	M	M				
Project Management				M	M	M	M	M	
Contract Management	M	M	M	M	M	M	M	M	
Product Content	M								
Testing				M	M	M	M	M	

SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of January, 2013.

Section 4: Updated Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

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Quality Rating Category	Dec 2012	Jan 2013	Risk Assessment Finding, Risks, and Recommendations
Business Mission and Goals (BMG)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • QA understands that CO is creating a Business Operations Plan as a supplement to the Business Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. A draft of this document is expected to be completed in Feb 2013. • The Business Plan is also expected to be updated with updated enrollee projections by the end of March. • CO is updating the Medicaid enrollee modeling by reaching out to other states that have online experience with Medicaid populations. This information will be utilized to create a model with a broader set of source material. This material is expected to add to the enrollment strategy and approach. This analysis will be a valuable piece of work that should be shared with the Feds and other States. • The business missions and goals between OHA OIS and CO are not fully aligned with respect to Medicaid. Work is being done in this area, however, the cultures and timelines are different. March 1, 2013 will be the last date for requirements for the Oct 2013 IT release. After March 1st the work/decisions/agreements between OHA and CO for system automation of Medicaid will have to be pushed into the release due out after Oct 2013. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a sufficiently detailed enrollment modeling and financial information in Business Plan CO may set the wrong expectations with the Board and various stakeholders. 2. Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Complete 2. Complete 3. (In process) Utilize updated business market data, potentially from Wakely Group and other states for Medicaid enrollee projections. Use this to enhance the Business Plan document with more detailed analysis. 4. (In process) Update the detailed business model for the Exchange. Document in detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. This information should be appended to the updated Business Plan. This plan should include Medicaid "take rates" for the electronic exchange, as well as references to source materials. 5. Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan.

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SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	<p>Cover Oregon agrees that as modeling is updated, the results should be shared with our state and federal partners. Deadlines should be shared with OHA and DHS in a formal written document.</p> <p>Cover Oregon notes that while the corporation does not disagree with the findings, they belong in other areas. None of the findings, risks or recommendations relate to “Business Mission and Goals”</p>
Roadmap	The 2013 scope lockdown will define the Version 1 elements of the road map. Additionally, staff is compiling and prioritizing products and services for Version 2 and beyond.
Scope	<p>AARON</p> <p>Finalizing scope for this project is occurring in line with the overall project’s iterative structure through the weekly scope checkpoint process. Changes are continuing to be made to the requirements needed for base lining and finalization of scope. Agreed upon scope will be identified on March 1st.</p> <p>In February CO established a deadline for MMIS inclusion. CO executive director sent a letter to OHA director informing him and organization of April 1 deadline, required deliverables, and CO mitigation strategies if deadline was not met.</p>
Schedule	<p>Cover Oregon continues to work closely with OIIA to mitigate staffing shortages. We currently feel comfortable with the linkage via milestones in our schedules. There are concerns with how each scheduler is utilizing their schedule; CO would like the schedules to be used to drive decisions on scope and resource requirements.</p> <p>Cover Oregon will establish a weekly scheduling meeting to address this concern.</p>
Budget	This area is low risk as we have the CCIO grant dollars. We in the L2 grant ask based our ask on what we would live with from a budgetary perspective. So a better portion of this work is done, but is in the process of finalizing as contract are put in place and enrollment number projections are finalized with the board.
Funding	This area is low risk, particularly in light of the CCIO grant approval.
Board Governance	This area is low risk. Cover Oregon agrees that ongoing discussions with and provision of information to the Board is essential for the Board’s active participation in the project.
Inter-Org Coordination	Formal written deadlines and operational agreements are required between Cover Oregon and its state partners.

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Organizational Management	Cover Oregon agrees that the organization is growing quickly. The corporation is taking steps to manage the growth and help staff adapt to change.
Human Resources	We are waiting for the board to “approve” final policies and an employment handbook and will have finalized 3/2013. We also have hired a recruiter and another generalist to round out the team to meet the HR demands of the organization. We also have put a formal onboarding process in place to get new staff acclimated as quickly as possible.
Stakeholder Management	Cover Oregon continues to actively engage stakeholders.
Communication s	Cover Oregon agrees that good communications will be needed to inform and educate stakeholder, consumers and others when offerings change from the initial plan, as well as over time.
Project Management	Cover Oregon has made significant progress in its coordination with HIX-IT project planning documentation. Cover Oregon has also begun the Quality Control process on its project level documentation. CO will be implementing a contract with an independent vendor for a security implementation assessment.
Contract Management	An administrative resource has been put in place to support the work of the contracts team to create a more robust process. Cover Oregon continues to closely monitor contract performance and budget.
Product Content	The scope checkpoint process is now in progress. Cover Oregon has created a comprehensive change control process, which is going through Maximus’s Quality Control process. Cover Oregon, Deloitte, HIX-IT and Oracle have aligned the UI schedule to the build plan. A full lock down of the scope is planned to be complete by 3/1/13
Testing	The testing environment has not been timely or fully adequate for all CO testing needs. CO is in the process of evaluating a companion testing system to ensure we can fully execute our testing strategy. CO will continue to evaluate test schedule as we manage scope and progress

SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/ eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/ likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/ unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

Attachment A: Detailed Security Concerns (July Findings)

Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
 - o Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
 - o Identity proofing approach is currently unclear. Identity proofing is required to provide assurance of non-repudiation. Identity proofing of some form will be required by the Exchange due to the nature of the environment.
 - o Identity proofing is currently at the individual level only. It is unclear how an employer, broker, employee, etc., will be proofed in the system for their specialized role.
 - o Internal staff roles in the system are not defined.
 - o External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Identity proofing can be costly and can have a customer usability impact. If the ID proofing is considered to be too cumbersome by the public it can affect the use of the Exchange by the general public.
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.
6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

Recommendations:

- Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.

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- Identity proofing: Cover Oregon should understand the requirements from CMS, IRS, etc with regards to what level of ID proofing is required prior to developing the IDM strategy. For more on Federal ID proofing levels please refer to NIST 800-63.
- Identity proofing: Identity proofing techniques are both a Business and a IT decision. Cover Oregon will ultimately need to bear the risk that the selected approach poses (legal and user acceptance). Cover Oregon should take an active role in deciding and vetting the approach with the IRS, State DOJ and potential customers of the Exchange. Again, this is the front door to the Exchange access as should be a balance between business efficiency (customer acceptance) and security.
- Identity Proofing/verification: There may be multiple layers of Identity proofing/verification required. Some users may need to provide proof as an individual only, Broker, and / or employer/employee. Cover Oregon should clearly define the requirements to HIX-IT and expect HIX-IT to create a detailed design document for ID and account management that is vetted with Cover Oregon.
- Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.
- External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.
- Much greater emphasis should be placed on defining the IDM strategy for Cover Oregon.
- Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.
- (Closed) .
- Where possible, full mock-ups or prototyping of the Identity proofing and external self-administered roles should be made available to the business to determine the usability impact to the customer experience prior to implementation. This determination should use market research and data to fully justify the decisions made.

Attachment B: Detailed Tracking and Reporting (August Finding)

Finding:

- The full scope of the HIX-IT development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
 - o There are a number of areas that need developed, including:
 - Use cases (general configuration of HIX-IT Components)
 - Interfaces to external IT Systems (approximately 60)
 - User Interface
 - Oracle Policy Automation rule development
 - Security
 - Content Management
 - Data classification and segmentation
 - Rework and refinement
 - o Currently the CO Project Management is reporting the state of the 200+ use case work packages as a method of tracking project progress to Cover Oregon Management. While this is important, it only represents a portion of the overall IT development work. For example, current use case iterations being reported on may only comprise 45% of the overall IT work.
 - o The current use cases that have been developed in iterations 9 through 12 are reported as “completed”. According to the HIX-IT Product Planning document they are still rated as “blue” or incomplete due to the additional items identified above.

Risks:

1. Measuring Exchange Development progress via the number of use cases only will cause incorrect expectation setting and confusion on the part of Cover Oregon over the coming months.
2. Calling use cases “complete” is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.

Recommendations:

- Cover Oregon should work with HIX-IT Program Management to establish a more comprehensive methodology for estimating the level of effort required for the major components of the project.
- The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.
- Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress.
- The development areas and metrics identified above should be reported to Cover Oregon’s management monthly basis at a minimum.

Attachment C: Contingency Planning (September Finding)

Findings:

OHA OIS has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA has made and/or is currently making include:

- Assuming the role of prime contractor for the overall state development effort.
- Deploying technology that is largely new to OHA.
- Deploying an integrated enterprise architectural vision that is largely new to OHA.
- Deploying a new software development lifecycle (iterative) that is new to OHA.
- Re-organizing the delivery model (centralized model) for IT projects within OHA.
- Standing up new processes to support this new delivery model.
- Merging the technology and business operations of three organizations (OHA, DHS and CO) and attempting to develop a "no wrong door" approach (see attachment D).

Furthermore, OIS does not have experience in estimating level of effort within the HIX-IT project team or within OIS shared services team using a common estimation methodology. It may take several iterations to sync the methodologies when they are stood up.

A risk was raised by the Oracle development team regarding the use of a single instance of WebCenter for development. Oracle recommended that separate instances be used as the planning and coordination issues are considerable and likely will slow development. It is our understanding that a decision has been made by OIS shared services (no written decision has been made available) to use a single instance.

Application and architecture decisions require Modernization agreement prior to implementation. The projects are on different timelines, have only partially overlapping priorities and have a different sense of urgency. See matrix below for priorities.

	P3	P2	P1
Individual Tax Credit	NA	NA	P1
SHOP Tax Credit			
MAGI (Medicaid/CHIP) eligibility, shopping and enrollment only	P2	P1	P2
Non-Magi			P3
Other Medical			NA
Non medical	P1	P4	NA

The OIS and HIX-IT overall governance structure as stated in the Project Charter does not appear to be functioning. This process needs to be clarified, documented and made balanced and transparent for the business, and all development teams going forward.

OIS does not appear to have formal, detailed, documented, functioning, transparent technical governance or data governance committees.

The software applications are expected to be merged for the first time towards the end of the HIX-IT project. This has never been attempted within the OHA development teams to date. The technical components of the merge are known to some degree, but how the organization will approach and deal with "collides" on a business level has never been done in OHA/Cover Oregon.

OHA must produce, sync and baseline a variety of detailed schedules (HIX-IT, Modernization, Security, MDM, Environments, OPA/application business rules, SOA, Webcenter, PeopleSoft, IVR, UI, OBIE and CO) for this project to be successful.

OHA and the HIX-IT project has slipped a number of proposed deadlines to date (see scheduling section). Cover Oregon has a schedule that is highly dependent on the HIX-IT, Modernization, and OIS shared services schedules. And vice versa.

A number of basic project processes are not fully implemented within the OIS project structure (e.g., change control, testing, common estimation methodology, common schedule methodology, common activity diagramming methodology, etc.)

Carrier JADs and UI development work under way at CO are expected to continue until the end of the 2012. These items will probably lengthen the overall delivery timeline.

The current high level CO Timeline and the more detailed MS Project Schedule do not have specific usability testing activities identified.

Risks:

1. With the project deadline less than 1 year away and the lack of a stable and experienced organization, development and delivery teams within OHA as well as the requirements delay within CO, the probability of missing the target date is currently an issue.

Recommendations:

- CO should prepare a number of trigger points over the remaining timeline of the project to ensure that scope is continually sized to meet the target date. For example, on November 5th 2012 OHA OIS is scheduled to deliver a detailed project schedule for the remainder of the HIX-IT project. On this date, CO should have a formal review with the OHA CIO, HIX-IT, shared services project teams and QA to understand in detail the project approach, schedule, dependencies and issues. This information can then be utilized to gauge the progress against

an internal CO confidence checklist. The objective of this review should be to determine if significant components of scope should be deferred. Each trigger point would have a different checklist depending on where the project is on the timeline. An example of a checklist for Nov 5th could be as follows:

- Can scope be locked?
- What percent of scope is outstanding?
- Are schedules for all of the project areas complete, detailed, synced, and tracked using a common methodology?
- Are all project schedules being developed with a common estimation methodology?
- Are key dependencies identified within the schedules and are they listed for the executive management to review?
- Do the schedules have any slack in them and/or does all the scope fit within the current schedule?
- Do the schedules allow for any refinement once the system is constructed?
- Do the Oracle teams agree with the schedules?
- Have Modernization and CO documented the integration points within the application for “No Wrong Door”?
- Is the data that is to be passed from each application clearly documented?
- Is HP ALM operational?
- Are the test teams on board?
- Is there a functional, technical and data governance structure that is balanced and transparent to CO in place and operational?
- Are notes and decisions from these committees clearly documented for the development teams to build from?
- Etc.

The answers to this checklist can then determine a go/no-go for the current scope. If the decision is a no-go for the current scope, CO should have a list of predefined, prioritized and agreed to scope reduction options that can be employed immediately. Scope reduction options could be looked at from a horizontal (across all CO application components) and then, if need be, from a vertical application perspective. An example of scope reduction options could be as follows:

Scope reduction examples from a horizontal perspective:

- Reduce the complexity of the current architecture.
- Defer the merge and rebaseline of code until after go live.
- Implement separate instances of Oracle components that are dependent on interagency business integration.
- Reduce the dependency on the integration with other programs by deferring the “No Wrong Door” approach.
- Implement UI wireframes using Siebel.
- Etc.

Scope reduction examples from a vertical perspective:

- Defer significant portions of the PeopleSoft components and process the billing manually.
- Defer electronic plan loading from the Carriers.
- Defer online Medicaid eligibility, plan selection and enrollment within the Exchange and process them manually.
- Etc.

Each of these options would be pre-sized so that depending on the amount estimated schedule variance or slack desired by CO an equal amount of scope can be deferred. For example, if the schedule is off by 20% and reducing the complexity of the architecture can save 20% in the schedule then this would be employed because it is prioritized high and equals the needed time savings.

The formality of this process will give CO executive management a clear understanding of the project status and enable them to pull the appropriate levers to make the project successful at a variety points in the upcoming year.

Attachment D: “No WrongDoor” Cooperation (September Finding)

Findings:

OHA/DHS and CO have a general agreement to create a “no wrong door” approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a “to-be”, future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

1. Lack of a clear, detailed, integrated view of “no wrong door” will hamper a smooth implementation of this vision
2. Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the “no wrong door” approach in time for the October 2013 opening the Exchange.
3. Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
4. Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
5. Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
6. Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is implemented in a timeframe and manner that fits the

vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

1. The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:
 - 1) General vision of all the leaders.
 - 2) Scope, which identifies all the agency programs that are required to participate in the effort.
 - 3) Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
 - 4) Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
 - 5) High level deliverables, such as:
 - a) All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:
 - i) Identification of all policy changes for each program with respect to the "no wrong door" initiative.
 - ii) Identification of the following information about each on-line application:
 - (1) General screening requirements for all programs (Medicaid, QHP, etc).
 - (2) Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
 - (3) Specific data elements that is required for each application when they are passed from another application.
 - (4) Identification of a common point of transfer (after screening, after application completion, etc.)
 - (5) Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
 - iii) Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
 - (1) Identification of the agency that will handle processing of specific applications/or portions of applications.
 - (2) "Warm" handoff of clients that call in and require a transfer to another agency.
 - (3) Identification of common staffing of support and customer service centers, if required.
 - iv) Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
 - v) Recommendations for the content of an integrated transition plan.
 - 6) High-level schedule, including definition of "no wrong door" process flows and detailed requirements.

Attachment E: (Closed) Architecture Simplification (November Finding)

Findings:

- The current architecture implementation of the ORACLE stack may not suit the operational business needs of Cover Oregon.

Background:

In the September MAXIMUS made the following statement in Attachment C of the Cover Oregon (CO) monthly report.

- Oregon Health Authority (OHA) Office Information Services (OIS) has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA have made and are currently making are as follows:
 - Assuming the role of prime contractor for the overall state development effort.
 - Deploying technology that is new to OHA.
 - Deploying an enterprise architectural vision that is new to OHA.
 - Deploying a new software development lifecycle (iterative) that is new to OHA.
 - Re-organizing the delivery model (centralized model) for IT projects within OHA.
 - Standing up new processes to support this new delivery model.
 - Merging the technology and business operations of three organizations (OHA, DHS and Cover Oregon (CO)) and attempting to develop a “no wrong door” approach.

In general, the aggregation of the above items constitutes a very high risk for the Health Insurance Exchange ability to meet its business objectives. Two of these items are borne out of an industry belief of cost savings to an organization, items 3 and 5. This document is intended to further describe these items so that all parties have clarity of the significance of the risk taken by the State.

Definitions:

Separate instance (SI) systems – is a method of implementation where each business unit has a separate and complete technology stack for each business unit.

Global Single Instance (GSI) – is a method of implementation that consolidates common lines of business into a single instance of a technology stack from top to bottom.

Enterprise Integration Architecture (EIA) – is a method of implementation that consolidates common services of a technology stack across similar lines of business and implements separate components for less common processes. For example, security would be a shared

service among all business units and the CRM module may be separate instances for each of the business units.

The proposed HIX-IT architecture is a hybrid of the GSI and the SI approaches.

General Implementation Characteristics

The Global Single Instance to the Separate Instance implementation approaches have an inverse relationship with respect to efficiency and flexibility. The GSI approach has the highest degree of efficiency with respect to licenses required and staff needed to operate and maintain the system. In the GSI approach the flexibility of the businesses to make changes and release new features is considerably curtailed because multiple business lines need to be consulted and agreement must be made on priorities among those businesses. This prioritization effort is required to utilize shared services resources most efficiently. Conversely, the Single Instance approach has the least efficiency and greatest flexibility.

Item 3: Deploying an enterprise architectural vision that is new to OHA.

Nationally, Health and Human Services organizations have a vision of a "No Wrong Door" approach to delivering benefits to their clients. The approach is borne out of the idea that costs can be reduced and services to clients can be improved at the same time. The "No Wrong Door" approach is also required in the ACA. It is important to note that this vision is not related to the system architecture; it is merely an operational vision. Many different architectural approaches can be deployed to implement the desired "No Wrong Door" vision.

OHA/DHS (OHA) OIS is deploying a combination of ORACLE products that together will make up the Oregon OHA and CO solution. The ORACLE solution is comprised of ORACLE developed products and products merged into Oracle through company acquisitions.

OHA has decided that a Global Single Instance (GSI) Architecture approach is the desired strategy for OHA. The GSI architecture implementation is defined by have a single instance for each ORACLE Component servicing all business entities (Modernization and CO) using the system. This decision was made prior to the establishment of the Health Insurance Exchange business. The IT industry, especially ORACLE, believes that this implementation has significant cost savings via reducing the amount of licenses and support staff required to deliver the solution to the businesses.

This architecture approach is typically an evolutionary approach of organizations that currently have separate instance CRM and ERP systems for each business unit. Gartner suggests, "This is the approach (single instance) that should be considered in the integrated organization where there is a high degree of dependence and commerce among units". The degree of integration, dependency and commerce between OHA and CO is primarily in the Medicaid arena. The commonality of the DHS/OHA and CO organizations is currently estimated to be 10% of total system Exchange volume.

A GSI implementation architecture is typically promoted for organizations that have existing separate instances as a way to save costs and improve efficiency for common business units. For example, a manufacturing company with multiple instance architecture (separate ERP or CRM systems) for existing business lines, will evolve to a single instance architecture when they have mature, common business units, that have common businesses processes.

Separate instance systems are often moved to a single instance over a significant period of time and in a serial process using simple pilot projects. This is due to significant business process reengineering and technical challenges and complexities involved in this effort.

OHA and CO business characteristics are different then what is mentioned above in a number of ways:

- OHA and CO are separate government organizations with different business missions and goals.
- CO is a public corporation and is governed by different rules and regulations then OHA.
- OHA and DHS do not currently have common processes and governance structures.
- CO is a newly formed entity with untested Greenfield processes.
- CO and OHA have different business timelines.

OIS has also decided to implement Modernization and the Health Insurance Exchange into a single instance in a "big bang" style, i.e., OIS intends to launch the both applications simultaneously. The selection of implementation approach is a strategic decision that should be made with executive business management understanding what the technical, development, operational and maintainability risks and impacts are to the business. Forrester Research says, "that business process and applications professionals face a variety of challenges in defining the single instance and identifying an apt consolidation model and hence companies should adopt a cautious, phased consolidation strategy".

Item 5: Re-organizing the delivery model (centralized shared services model) for IT projects within OHA.

Traditionally the development of a shared-service organization (SSO) or shared-service center (SSC) within an organization is an attempt to reduce costs and standardized processes through economies of scale and centralization. A Global Service Center Benchmark study carried out by the Shared Services & Outsourcing Network (SSON) and the Hackett Group, which surveyed more than 250 companies, found that only about a third of all participants were able to generate cost savings of 20% or greater from their SSO.

Risks:

Item 3: Deploying an enterprise architectural vision that is new to OHA.

1.) The reason for adopting the GSI architecture by OIS is primarily cost savings in licensing, operations and maintenance. However, there is no formal cost benefit analysis or return on investment models in the business case to back these assertions nor are we aware that they exist elsewhere. Without a quantifiable cost benefit analysis (CBA) or minimally a "before" and

“after” analysis of the costs under both scenarios, there is insufficient data to determine that that one approach is more cost effective than the other. The lack of mature inter-agency processes and/or inter-agency planning in the following areas would seriously affect the CBA or ROI of such a business case:

- There was limited significant business process analysis and pre-planning,
- Lack of a clearly defined inter-agency “No Wrong Door” analysis. This is fundamentally the identification of a comprehensive new service delivery model.
- Lack of a common or functional governance processes,
- Limited overlap among inter-agency processes,
- Dissimilar priorities and goals among independent state agencies,
- Lack of state staff with appropriate skill sets resulting in a heavy reliance on highly paid consultants from all over the nation.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

2.) In addition to the above ROI/CBA factors, a Single Instance architecture approach also has a significant overhead or tax with regards to business operations that is not clearly articulated to the participating business entities. Each time a new business line is added or there is a change to the existing business processes, the Single Instance approach requires a feasibility analysis and/or a merge of the new code with the existing production code. The analysis and/or merge process looks for technical differences between the new and the production code. These technical differences often equate to differences in business operations. These differences or “collides” require the business units to resolve their operational differences prior to launch. Once the code is merged and launched, all of the existing businesses within the Single Instance receive a new release of code.

This process poses challenges in change management, downtime for patching and maintenance, upgradability and it increases the regression testing effort significantly. Legislative rule changes in healthcare or Medicaid over the next couple of years may result in a single business line significantly disrupting other lines of businesses each time changes or new rules are enacted.

Item 5: Re-organizing the delivery model (centralized shared services model) for IT projects within OHA.

3.) OIS also uses cost reduction and standardization as their justification to implement shared services organization. Again, there is no cost benefit analysis or return on investment models in the business case to back these assertions. Without a quantifiable model or a “before” and “after” analysis of the costs under both scenarios, it is dubious to believe that one approach is more cost effective than the other. For example, the following items would seriously affect the CBA or ROI of such a business case:

- no detailed strategy by OIS to move the organization to this delivery model.
- not documenting OIS IT processes and work streams pre-implementation,

- not focusing sufficiently on the transition period,
- not having a robust operational transition plan clarifying employee resources,
- lack of state staff resulting in an over reliance on a significant amount of highly paid consultants from all over the nation.
- not having a risk management or monitoring process in place prior to implementation,
- no proven functional or technical governance processes.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

Recommendation:

1.) Implementing a new Global Single Instance Architecture and a Shared Services organization requires significant inter-agency process reengineering and a major overhaul of the OIS IT department to occur simultaneously. The simultaneous execution of these initiatives introduces a compounding effect with regards to risk. Some short term risk mitigation has occurred, for example, additional ORACLE staff is being imported from around the nation to add expertise in the executive management, PMO, project management, scheduling and development areas of the organization.

In figure 1 below, a simple implementation analysis was mapped against perceived risks based on the large initiatives set in motion by OIS. This analysis shows the three implementation approaches discussed in this document and the technology characteristics relative to the business requirements and needs that can be expected from each of the approaches.

This simple analysis concludes that the EIA implementation approach may aid in reducing risk for the projects and potentially support a more flexible business environment for Cover Oregon in the foreseeable future. This risk mitigation approach of moving to an EIA implementation will potentially require an increase in upfront and O&M costs by CO.

Figure 1.

Attachment F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

- Individual authentication and ID proofing process
- Employer authentication and ID proofing process
- Medicaid authentication and ID proofing process.
- Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products. The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

"OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.
4. Validate that the implemented system has met the required assurance level.
5. Periodically reassess the information system to determine technology refresh requirements.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, 'This document will assist agencies in

determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This responsibility extends to electronic authentication systems." This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.

Risk:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Both sides (technical and business) will state that it is too late to conduct the risk analysis. This may be true for the April 30th deadline, however, if the initial system proves to be too cumbersome to navigate during usability testing or too easy to compromise, a system retool may be necessary prior to Oct 1 launch. Without a proper risk analysis the retool runs the risk reopening the debate between technical and business groups and/or of moving the system to the other extreme.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an "Early Innovator Grant" with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security

issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.

Recommendation:

- Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.
- Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.
- Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.



**Oregon Health Insurance Exchange Corporation
(ORHIX) / Cover Oregon (CO)
Monthly Quality Status Report**

February 2013

Deliverable #2.3.h

Final

Dated: March 13th, 2013



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SECTION 1: Introduction

The Oregon Health Insurance Exchange Corporation (ORHIX), now known as Cover Oregon (CO), recognizes the value of an independent, third-party to provide formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

1. **Initial Risk Assessment** - identification of initial risks facing CO
2. **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
3. **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of February, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon.

SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, categories carry different relative weight when assessing the overall risk level of the effort. For example, while 11 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall HIGH (red) risk assessment. The Quality Rating Category of "Testing" was also elevated from yellow to red during this period.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is fully dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of February, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex and evolving landscape.
- The first two Project Management foundational documents (communication plan and charter) have been submitted to MAXIMUS for formal QC review.
- CO has engaged ORACLE in contract negotiations with respect to hardware/software and services required to operate their own instance of the ORACLE solution set.
- Iteration 16 development is completed. This marks the beginning of the final development iteration (17) for the Oct 1st release.



- CO has developed a Draft User Acceptance Test Plan (UAT).

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	QA Risk Level	Priority QA Recommendations	CO Risk Level	CO Response
OVERALL HEALTH		<ul style="list-style-type: none"> • See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations. 		<ul style="list-style-type: none"> • Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	Med	<ul style="list-style-type: none"> • CO is creating a Business Operations Plan as a supplement to the Business Plan. This is expected to be completed by early 2013. • CO is updating the Medicaid enrollee modeling. This analysis should be shared with CMS and other States. • MAXIMUS recommends that CO formally articulate the dates with OHA and DHS business units as to when the window for automation and operational changes will be closed for this release with respect to Medicaid. 		<ul style="list-style-type: none"> • The Business Operations Plan document is in process of being written. Anticipated completion is by end of March. • OHA, DHS and Cover Oregon staff have been working together on multiple "work streams" related to Medicaid processing • Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon policy and business operations is vital to planning operational procedures for Medicaid processing.
Roadmap	Med	<ul style="list-style-type: none"> • A general road map has been defined that goes until 2016. • The roadmap for the first release will be in flux until scope sizing is completed. This work is expected to continue into the final iteration. 		<ul style="list-style-type: none"> • Version 1 is significantly complete. • Work on 1.x and Partner versions is underway and ongoing.



<p>Scope</p>	<ul style="list-style-type: none"> • See attachment G. • The Scope for the first release will be in flux until scope sizing and prioritization is completed. This work was expected to be completed in Feb and will now continue into the final iteration. • Some requirements are not yet solidified for the final Iteration. • CO should establish formal trigger points for OHA Medicaid system development and business units and these trigger points should be communicated to the OHA staff and Director to ensure the appropriate focus applied to meet the deadlines for the project. See att C and G. 	<ul style="list-style-type: none"> • Oracle was asked to propose a scope management plan, which Cover Oregon reviewed and modified, based on business need; Maximus has participated in the scope management meetings and was aware of this approach. It was not a one-time-only event based on initial estimates • CO will actively track and manage scope through prioritization and scope management processes all through the final iteration. • CO is prioritizing scope to focus on most important requirements for final iteration. • CO created formal trigger points for Medicaid integration and communicated to OHA.
<p>Schedule</p>	<ul style="list-style-type: none"> • Continue working towards a comprehensive integrated schedule for HIX-IT and OIS foundational services. • Continue to identify project dependencies and critical paths. • Baseline pieces of the schedule and track for variance. Produce a variance report of the schedule. 	<ul style="list-style-type: none"> • CO continues working towards a comprehensive schedule as outline in our schedule management process. • CO continues working towards a comprehensive schedule as outline in our schedule management process. • CO is moving to baseline the Program Development portion of the schedule in the month of March. Developing variance reports against the baselined sections are



			being considered
Budget	Med	<ul style="list-style-type: none"> Update the budget to reflect the new multi-instance architecture and organizational costs for CO. 	<ul style="list-style-type: none"> CO is currently conducting a budget re-evaluation as we shift to a separate Oracle instance. We are in the process of negotiating contracts and working with OHA to best forecast ongoing maintenance and operational costs given this move.
Funding		<ul style="list-style-type: none"> CO has secured \$226 million in Level 2 funding for the Exchange. 	<ul style="list-style-type: none"> MAXIMUS correctly notes that Cover Oregon has received \$226 million dollars in Level 2 funding from the Federal government. Approximately \$90 Million is for IT.
Board Governance		<ul style="list-style-type: none"> Continue to work with the Board to maintain the Board Policy Manual, including adequate processes and controls related to potential conflicts of interest. 	<ul style="list-style-type: none"> MAXIMUS correctly notes that the Executive Director and staff routinely meet with the Board and its finance committee, providing members with a variety of informational documents.



<p>Inter-Org Coordination</p>		<ul style="list-style-type: none"> Formally provide clear dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. Without proper coordination among OHA/DHS and CO policy and business operations it will put CO in a difficult position with respect to planning the operational procedures for Medicaid processing. This lack of progress can result in a failed "no wrong door approach" for the state. In February, CO sent a formal letter to OHA regarding MMIS 	<p>Med</p>	<ul style="list-style-type: none"> In February, Cover Oregon formally provided specific due dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to planning the operations for Medicaid processing. MAXIMUS correctly notes that there was a letter sent to OHA regarding MMIS. Near term expected dates were given.
<p>Org Management</p>		<ul style="list-style-type: none"> The organization is growing at a very quick pace. CO is adapting and managing 		<ul style="list-style-type: none"> CO agrees with this assessment.
<p>Human Resources</p>	<p>Med</p>	<ul style="list-style-type: none"> With the advent of the multi-instance architecture approach being taken, CO may need to re-evaluate their IT organization personnel and skill sets. CO should consider adding an experienced Product Portfolio person. This skill set would be instrumental in defining the detailed features and functions of the product and creating and managing a detailed product roadmap for the various lines of business. 		<ul style="list-style-type: none"> The current staffing strategy which includes a mix of CO and contracted staff takes into account the need to support the entire technology infrastructure - including new development and operations and maintenance. The scope of the staffing strategy takes into account the need to manage from the hardware to application configuration and management. CO agrees and is re-evaluating personnel needs by working with OHA to determine ongoing maintenance and operations needs.



Stakeholder Management		<ul style="list-style-type: none"> Continue proactive outreach and stakeholder communication 		<ul style="list-style-type: none"> Cover Oregon continues its proactive outreach and stakeholder communication efforts
Communication		<ul style="list-style-type: none"> As the final scope is defined the initial launch expectations may need to be reestablished with the various stakeholders. MAXIMUS expects that additional changes may occur as final development and testing is accomplished. The communication of these changes will need to be managed with the stakeholders and public. 		<ul style="list-style-type: none"> The marketing and communications teams are preparing for any changes in initial launch so that expectations can be set with stakeholders and consumers, and marketing materials are appropriate to the situation.
Project Management	Med	<ul style="list-style-type: none"> The scope and schedule of the final development, if not managed properly can impinge on the testing phase of the project, which, in turn can affect the launch of the system. See attachment B Detailed reporting and tracking. The first two Project Management foundational documents have been submitted for formal QC review. 	Med	<ul style="list-style-type: none"> CO agrees that scope and schedule must be managed very closely through final development. CO continues to manage scope as well as contingencies as outlined in the schedule management plan. The Communication Plan document has been through the first round of QC. It is now currently in the QC reviewer's queue. Quality control of project management documentation continues to move forward with the Communication Plan document being updated as per findings from initial round of QC.
Contract Management	Med	<ul style="list-style-type: none"> Clearly tie contractor work to the project WBS and schedule. Track progress (% complete) accordingly. 	Med	<ul style="list-style-type: none"> WBS tasks that are assigned to contractors have been identified and are being tracked, as are other resources.



<p>Product Content</p>	<ul style="list-style-type: none"> • User Interface work by Deloitte is scheduled to be completed in by March 1st. This timeline is problematic. • See attachment F Risk Analysis for Security Approach. • See attachment A, C, and D, G. 	<ul style="list-style-type: none"> • Cover Oregon continues to attend the workshops and actively escalates progress or issues as they arise. • Much progress has been made to identify the security model and process. Cover Oregon has had multiple meetings to discuss account management and determine the appropriate security model balanced with a useable web site. • Cover Oregon is actively managing the product content through the Foundational Services summit. (These are twice weekly meetings chaired by a Cover Oregon representative, with IOS leadership and relevant project management staff. • Scope management documentation is in process, and Cover Oregon has created and is utilizing a comprehensive change control process. • SOW for security review and recommendation is being completed for the month of March. (Please refer to attachment F)
<p>Testing</p>	<ul style="list-style-type: none"> • Create a comprehensive Test Plan that outlines the strategy for iteration and UAT & IV&V testing to be conducted by CO • An additional iteration may be required to complete all the scope left for the system. An additional iteration would encroach on the System Integration Testing and is 	<ul style="list-style-type: none"> • Cover Oregon created a comprehensive test plan to guide testing activities across Cover Oregon and to integrate with HIX-IT testing process. • Cover Oregon agrees that additional iteration



	<p>clearly problematic.</p> <ul style="list-style-type: none">• OHA System Integration Testing is scheduled to significantly overlap CO User Acceptance Testing due to the already tight schedule.	<p>is required and has sequenced development to allow for back office configuration while customer-facing technology is tested.</p> <ul style="list-style-type: none">• Cover Oregon will ensure any overlap is tightly managed. Cover Oregon will coordinate testing using a risk-based approach. This will ensure the highest level of product quality in priority areas.
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Table 2: QA Risk Level Tracking

Quality Rating Category	June '12	July '12	Aug '12	Sept '12	Oct '12	Nov '12	Dec '12	Jan '13	Feb '13
OVERALL HEALTH									
Business Mission and Goals				M	M	M	M	M	M
Roadmap			M	M	M	M	M	M	M
Scope									
Schedule									
Budget	M	M	M	M	M	M	M	M	M
Funding	M	M	M	M	M	M	M		
Board Governance	M	M	M	M					
Inter-Org Coordination									
Organizational Management	M	M	M	M	M				
Human Resources	M	M	M	M	M	M	M	M	M
Stakeholder Management	M	M							
Communication	M	M	M	M	M				
Project Management				M	M	M	M	M	M
Contract Management	M	M	M	M	M	M	M	M	M
Product Content	M								
Testing				M	M	M	M	M	



SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of February, 2013.



Section 4: Updated Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

Table 3: Detailed Quality Standards Scorecard



Quality Rating Category	Jan 2013	Feb 2013	Risk Assessment Finding, Risks, and Recommendations
Business Mission and Goals (BMG)	Med	Med	<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO is creating a Business Operations Plan as a supplement to the Business Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. A draft outline of this plan was completed in Feb. • The Business Plan is expected to be revised with to include updated enrollee projections by the end of March. • CO is updating the Medicaid enrollee modeling by reaching out to other states that have online experience with Medicaid populations. This information will be utilized to create a model with a broader set of source material. This material is expected to add to the enrollment strategy and approach. This analysis will be a valuable piece of work that should be shared with the Feds and other States. • The business mission and goals between OHA OIS and CO are not fully aligned with respect to Medicaid. Work is being done in this area, however, the cultures and timelines are different. March 1, 2013 will be the last date for requirements for the Oct 2013 IT release. After March 1st the work/decisions/agreements between OHA and CO for system automation of Medicaid will have to be pushed into the release due out after Oct 2013. CO has formally notified OHA OIS of their expectations, trigger events and dates they will use to determine if a contingency plan must be implemented for the Oct 1st release. • (New) New exchange participation information was identified. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a sufficiently detailed enrollment modeling and financial information in Business Plan CO may set the wrong expectations with the Board and various stakeholders. 2. Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. (In process) Utilize updated business market data, potentially from Wakely Group and other states for Medicaid enrollee projections. Use this to enhance the Business Plan document with more detailed analysis.



			<ol style="list-style-type: none"> 4. (In process) Update the detailed business model for the Exchange. Document in detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. This information should be appended to the updated Business Plan. This plan should include Medicaid "take rates" for the electronic exchange, as well as references to source materials. 5. Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan. 6. Closed. 7. Closed. 8. CO should formally (letter) articulate the dates with OHA and DHS business units as to when the window for automation operational changes will be closed for this release with respect to Medicaid. 9. (New) Carefully consider all, recent participation rate information.
<i>Roadmap (RM)</i>	<i>Med</i>	<i>Med</i>	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • A general road map has been defined that goes until 2016. • The roadmap for the first release will be in flux until scope sizing is completed. Scope sizing is expected to be completed for the Oct 2013 release no later than March 1st 2013. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a clear, comprehensive, and authoritative description of the Exchange roadmap, the project will likely continue to have incomplete data for future budgeting and unclear project priorities. 2. Closed. 3. Closed. 4. Closed. 5. Without a roadmap projection beyond 2013 will be difficult to do development budget projections for future grants and operations and development. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. The process of defining and prioritizing the scope should be identified in the Requirements Management Plan. This plan should be updated, approved and implemented within the project.




		<ol style="list-style-type: none"> 4. Create an integrated set of roadmap documents to communicate with the HIX-IT project, CO staff, CO Board of Directors, and other stakeholders. 5. Closed. 6. The process for developing the roadmap(s) should be documented so that it can be evaluated by stakeholders prior to getting deep into the process. Also, all underlying assumptions should be articulated in the process so they can be agreed upon by executive management. 7. Finalize the functional roadmap, including a high-level schedule of required functionality, and prioritized features. Clearly communicate requirements and due dates with HIX-IT. 8. Closed.
<p><i>Scope (SCP)</i></p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • (Update) Scope "lock down" and scope sizing continued through the month of Feb. and is now expected to continue through the final iteration. See attachment G for further details. • (Update) The milestones and tasks for the final scope sizing are not clearly identified as of this writing. • (Update) See Attachment C Contingency Planning. CO has established formal trigger points with respect to the Medicaid interface. • The Work Breakdown Structure (WBS) and project schedule is being updated and maintained on an ongoing basis. • CO continues to refine the WBS for its programs. This process seems to be very valuable to the Organization and Executive Management. • (New) Currently the project does not differentiate different lines of business with in the current scope. See attachment G for details. • (New) Currently, a cross functional view of the Product Development Lifecycle (PDLC) does not exist and clear connections between development, operations and marketing are lacking. <p>Risks:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. See Attachment C. Without clear trigger points for reviewing the program progress, resources, and outstanding scope against a realistic schedule CO executive management may be surprised at the end of the development cycle. 4. Closed.



		<p>5. (Update) Without clear milestones, tasks and checkpoints for the Scope lockdown and sizing for the month of February (now March) CO may be presented with surprises and tough decisions at the end of the final iteration with respect to Scope deferment.</p> <p>6. Without formal trigger points for Medicaid Interface system development and communication of these trigger points to OHA OIS the development may languish beyond timeframes that are realistic for the inclusion into this release. If the expectations are not clear to and from OHA and CO on the development approach and business operations on a date certain it will affect, testing, training, and operational execution of the exchange.</p> <p>7. (New) See Attachment G.</p> <p>Recommendations:</p> <p>1. Closed.</p> <p>2. Closed.</p> <p>3. Closed.</p> <p>4. Define and implement clear project management processes and controls for maintaining the CO WBS, including "rolling wave" elaboration of near-term work. See the Project Management Section of this report for more details on this topic.</p> <p>5. Closed.</p> <p>6. Clearly define all status and oversight reporting requirements and expectations, including those from Department of Administrative Services (DAS), Legislative Fiscal Office (LFO), and Joint Committee on Legislative Audits and Information Management and Technology (JCLAIMT). Verify that all HIX-IT fiscal budget note items are adequately addressed. Define an integrated, meaningful dashboard report, with appropriate drill-down functionality.</p> <p>7. Closed.</p> <p>8. Consider independent QC of the WBS.</p> <p>9. Develop and formally communicate the expectations and contingency plans to OHA, see Attachment C.</p> <p>10. Closed.</p> <p>11. (Update) Continue to work with HIX-IT, OIS Foundational services, Deloitte, to align with their respective WBS documents.</p> <p>12. (Update) Continue to integrate use of the Schedule (and underlying WBS) into the day-to-day management and planning of the project. This will ensure that these documents are useful and accurate.</p> <p>13. Closed.</p> <p>14. (Update) Develop clear milestones, tasks and checkpoints for the Scope lockdown and sizing for the final iterations for the Oct 1 release. This was to happen in February and not completed, and is therefore spilling over into the final iteration. This is problematic since it will affect System Integration Testing which</p>
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		<p>will affect User Acceptance testing (UAT) and the final release date. This effort has a cascading effect on the schedule and may begin to affect other assessment metrics negatively.</p> <p>15. CO and OHA should resist prolonging the requirements window any further than March 1st as it will affect the organization and schedules of the testing, training, and operational execution of the project. Typically the languishing of the requirements window results in a day-for-day slip of the schedule in the other areas of the project.</p> <p>16. CO should establish formal trigger points for OHA Medicaid system development and business units and these trigger points should be communicated to the OHA staff and Director to ensure the appropriate focus applied to meet the deadlines for the project. Care should be taken as to not let these trigger points languish. See item 15 above for consequences for prolonging trigger points.</p> <p>17. (New) See attachment G.</p>
<p>Schedule (SCH)</p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • The HIX IT and CO teams continue to meet and review the HIX-IT Schedule. There was agreement on how the schedules can be linked. The schedulers are linking their schedules via milestones. This initial milestone linking is a good start. However, the level of detail that will be required to ensure appropriate coordination remains to be seen. The schedulers should have a clear understanding on the methodology each uses to update their schedules. • The Work Breakdown Structure (WBS) and project schedule are being updated and maintained on an ongoing basis. Teams meet weekly to provide updates to the scheduler, however, it is not clear that these documents are being consistently used to manage project work on a day-to-day basis. • Continued progress was made during the month on the CO schedule. A variety of significant gaps still exist in the HIX-IT WBS that are dependencies for CO and vice versa especially in the areas of foundational services. • Both the HIX-IT and the CO schedules lack baselines for variance measurements. QA is requesting that the schedule be baselined for all tasks over the next 30 days. • (Update) The HIX-IT, OIS foundational services, and CO schedules do not have a common methodology for tracking and identifying dependencies, critical paths, work completion, variance, resourcing, etc. The teams are meeting and working through these issues. • The lack of reliable estimating by HIX-IT, undiscovered development issues and incomplete requirements by CO will result in continued surprises to CO throughout the project. • HIX-IT has a significant dependency on unstaffed components of the OIS organization, i.e., foundational services. In addition, HIX-IT has a dependency on the Modernization project. The impact of these dependencies is an open issue and will affect the delivery to CO.



		<ul style="list-style-type: none"> • Reviews of the HIX-IT Schedule for CO are being conducted on a regular basis. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a clear understanding of the HIX-IT project schedule, including the activities and tasks specifically assigned to CO, there is a risk that the project will not be completed on schedule. 2. Closed. 3. Closed. 4. Closed. 5. Without clearly defined dates and features formally provided by Cover Oregon to HIX-IT it will be impossible for HIX-IT to define a complete development schedule to present to Cover Oregon. Relying on the iterative or "progressive elaboration" approach without a comprehensive estimation process in OHA foundational services and the Modernization project, will most likely result in continued surprises and missed delivery dates. 6. Closed. 7. Without clearly linked schedules between CO and HIX-IT the project will suffer from confusion and misaligned expectations and missed deadlines. 8. (Update) Without a clear understanding of the HIX-IT Foundational Services level of effort (LoE) and the integration of foundational services with the HIX-IT project, CO may not meet their business objectives. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Develop a single, comprehensive, authoritative and baselined schedule for all non-HIX-IT CO work, using the WBS described in Scope Section of this report. This schedule must include <i>all required activities and tasks</i> (at least at a high-level), as well as all durations, resources, and dependencies, required for the successful implementation and operation of CO and the Exchange. Clearly define assumptions, dependencies and constraints. It should also include references (links) to other schedules, including HIX-IT, as well as other relevant DHA, OHA, or DCBS Initiatives. The Schedulers are beginning to link the schedules on common milestones present in the schedules. 2. Confirm OIS intention to develop (with significant CO input) a single, comprehensive, authoritative schedule for the HIX-IT project. This schedule must include <i>all required activities and tasks</i> (at least at a high-level), as well as all durations, resources, assumptions and dependencies, required for the successful design and implementation of the HIX-IT solution. It should also include dependencies (links) to other schedules, including relevant OIS Enterprise Initiatives, as well as CO. Any specific activities and tasks that are required by the HIX-IT project to be completed by CO, including requirement definition and testing, must be clearly and explicitly scheduled. 3. Closed.
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			<p>4. Define and implement common project management processes and controls for maintaining the schedule across OHA and CO, including "rolling wave" elaboration of near-term activities, baselining, variance tracking, resource loading and common reporting of project progress and status. Ensure that all the schedulers are using a common methodology for estimating work, tracking progress and variance, identifying critical path and dependencies in the schedules. See the Project Management Section of this report for more details on this topic.</p> <p>5. Closed.</p> <p>6. CO should formally define their expectations to HIX-IT with respect to features and timeframes for product delivery. This formal process will allow HIX-IT to develop a delivery schedule that can be presented back to Cover Oregon for review and analysis. CO should memorialize these items in a short term and long term IGA document.</p> <p>7. (Update) Given the difficulty in estimating the development work across the foundational services and other projects within OHA, CO should embed sufficient slack in its schedule (on the order of 30+ percent). CO should continue to monitor the IT delivery deviations including the completion of use cases, testing platforms, standing up of environments, on boarding staff, and product delivery. These deviations should be reported to CO Executive staff in the weekly or monthly reports by CO CIO. As OHA OIS foundational services and HIX-IT improves their ability to estimate dates and level of effort CO can begin to reduce the slack in its schedule.</p> <p>8. Consider independent QC of the Schedule.</p> <p>9. Closed.</p> <p>10. Baseline pieces of the schedule and track for variance.</p> <p>11. Consider tracking Earned Value metrics.</p> <p>12. Closed.</p> <p>13. (Update) Formally baseline the schedule, including CO, HIX-IT, Deloitte, and foundational services.</p>
<i>Budget (BGT)</i>	<i>Med</i>	<i>Med</i>	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> The new multi-instance approach of the ORACLE software will have an impact to the current and future budget of the organization. (New) To maintain the current project scope and schedule, OHA/CO has requested that ORACLE maximize the capacity of the development teams. This will add approximately 21 resources in the short term. These additional resources were not anticipated in the budget. <p>Risks:</p>



		<ol style="list-style-type: none"> 1. Closed. 2. Lack of full transparent accounting practices and spending by OHA MAX program will continue to cause issues between CO and OHA. This will result in increased tensions as more money is spent and deadlines near. 3. The lack of fully elaborated, integrated and baselined WBS and schedule raises the risk that the project scope, schedule, and therefore costs are not clearly understood. As a result, the budget is at risk of being inaccurate. 4. Changes in architecture approach will affect the budget of the organizations. 5. (New) addition of unplanned staff to achieve the outstanding scope will increase costs in the budget. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Document and implement a budgeting process for CO. This process should include the tracking of assumptions and dependencies. 2. Update the budget projections for CO. Ensure the Budget projections are aligned with the roadmap items that will be established. 3. CO should work with OHA to jointly review cost allocation methods, estimates of future expenditures, and associated financial controls. 4. CO should request OHA to conduct an independent financial audit of the HIX-IT funds being forwarded to and spent by OHA for the development of the Exchange. This will give the Board a clear and complete picture of the Health Insurance Exchange financial operations in the State of Oregon. CO should make the transfer of level 2 funding to OHA contingent upon standard auditing practices and transparency be employed by OHA OIS. 5. Request formal, comprehensive documentation of all relevant cost allocations by OHA to CO, including indirect overhead and foundational service costs. These items should be reviewed at regularly scheduled monthly budget meetings. 6. (Update) Closed. 7. With the advent of the multi-instance approach being taken by CO and OHA a budget reevaluation should be conducted to determine the budget impact of this decision. 8. (New) With the addition of ORACLE resources to complete the development a budget reevaluation should be conducted to determine the budget impact of this decision.
<i>Funding (FND)</i>		
		<i>Findings During Period:</i>



		<ul style="list-style-type: none"> • CO has received \$226 million in Level 2 funding. Approximately \$90 million is for IT. <p>Risks:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. Lack of a concerted and fully transparent grant financial reporting between CO and HIX-IT may cause confusion among the stakeholders and oversight entities. 4. Closed. 5. Closed. 6. Closed. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. Closed. 4. CO will need to work closely with OHA budget personnel to ensure the OHA Policy Option Package and increased spending limitation reflects HIX IT needs with respect to continued development, operations and maintenance. 5. Closed. 6. Closed. 7. Closed.
<p>Board Governance (BG)</p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • The CO Board meets on a regular basis and receives updates from Executive Director and his staff on a variety of topics. • CO management supplies the Board with a variety of informational documents including the MAXIMUS Risk Assessment Reports. <p>Risks:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. Closed.



		<p>Recommendations:</p> <ol style="list-style-type: none"> 1. Continue to work with the Board to maintain the Board Policy Manual. Review and ensure that clear roles and responsibilities are established, in accordance with the Carver Model. 2. Closed. 3. Closed.
<p>Inter-Org Coordination (IOC)</p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • Interagency requirements definition and "to-be" processes require additional definition. See attachment D. • (Update) CO and HIX-IT/MAX meet every week in the Technology Management Meeting. Attending are members of the CO Executive Team, including the Executive Director, CIO, COO and Program Management, the HIX-IT project manager, Oracle Project Managers, and the MAX Director. On the agenda are topics that cover inter-project issues across the OHA enterprise that affect HIX-IT. • (New) The Medicaid Eligibility Steering Committee (MESC) is a joint task group that is coordination the Medicaid activities among OHA/DHS and CO. This committee has created 13 work groups that are attempting to coordinate Medicaid policy and operations. This effort is large and it is evident that it will take an extended period of time for it to make significant headway. To be operational CO will need this information in April of this year. It is evident that sufficient information will not be available for CO to plan its operation for the Oct 1st rollout. • In February, CO sent a formal letter to OHA regarding MMIS inclusion in the initial deployment. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a professional and collegiate working relationship and full transparency between agencies at the highest executive level, conflicts and communication issues will continue and likely worsen. 2. Without close cooperation, decisions made without appropriate analysis of the impact on CO. 3. Without more detailed IGA's in place, clear delineation of roles and responsibilities may become problematic in the future. 4. Detailed interagency requirements and "to-be" process definition are required. See attachment D. 5. OHA and CO Medicaid groups may continue to propose changes into the development and operations groups as they move into testing, training and deployment. Typically this situation will cause confusion in development, testing, training and operational deployment if not managed properly. The testing and training schedules are already short and lack of clarity will affect the schedule, execution of operational plans and or quality of the final deliverable. 6. (New) Without proper coordination among OHA/DHS and CO policy and business operations it will put



		<p>CO in a difficult position with respect to planning the operational procedures for Medicaid processing. This lack of progress can result in a failed 'no wrong door approach' for the state. In addition, it can result in CO having to quickly adapt to the decisions of OHA and DHS may or may not make over the summer and fall of this year.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. CO should lead the effort to clearly define roles and responsibilities for each of the major organizations involved in CO, including both the HIX-IT project and ongoing operations. IGAs should be put in place to clearly identify the working relationships, boundaries, expectations and governance for the development and the operation of the Exchange. 2. CO should lead the effort to clearly document, approve and implement the governance process between CO and HIX-IT. This document should include a clearly defined set of tactical and strategic governing meetings, including scope, intention, and membership. Governance should include immediate project work, as well as ongoing operational responsibilities. CO should enlist the assistance of the LFO as required. This process should be identified in the IGA. 3. Closed. 4. Closed. 5. CO should create a list of all IGAs that are and will be established. This list should identify/track any inter-agency agreements and/or decisions, including those related to the communication/outreach, processing of paper eligibility applications, and call centers. 6. (Update) Establish formal Inter-Agency Agreements (IAAs) with each of the organizations and/or projects in the Interagency Agreement Plan so that clear boundaries and expectations are established. Projects include the Department of Human Services Modernization (DHSM) Program, including Initial Win (IW), Master Data Management (MDM). Other related efforts include a variety of OIS enterprise infrastructure / enterprise initiatives, including security and environment management, as well as Community Care Organizations (CCO) support efforts. 7. Closed. 8. Communicate the appropriate inter-agency agreements and processes to the Board and staff. 9. See attachment D. 10. Formally (in writing) provide clear dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. 11. The work with OHA Business with respect to "No Wrong Door" may need to mature and span over multiple system releases. With this understanding CO should consider crafting a long-term strategy i.e. roadmap that demonstrates short term as well as long term goals and objectives.
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		<p>12. (New) With respect to Medicaid, CO should present a number of options (strawman) for the OHA and CO Director and Executive Director to discuss with SME's involvement. Acceptance or modification of the options will assist CO in understanding the vision for OHA. This may enable some level of planning while the MESC team is working out the details.</p> <p>13. (New) CO may also consider focusing on some core set of Medicaid applicants that it can satisfy without significant decisions from the MESC group. Contingency plans can then be made to flex this portion of the operation when the final details are available from the MES Committee.</p>
<p>Organizational Management (OM)</p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO has adopted a new system architecture that will require a different IT organization then was originally envisioned. • (New) The organization is structured to deliver the various lines of business in a horizontal fashion. See attachment G for details. <p>Risks:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. Limited startup experience may affect the ability of the organization to execute its mission as effectively as possible. This may result in missed opportunities for leadership within the State, and gaps in the execution of the Business Plan. 4. Closed. 5. (New) Viewing the organization and project in a horizontal fashion may make coordination and delivery a more complex process. Integration of cross functional areas will not be well coordinated and will result in a product delivery that has fits and starts. See attachment G. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. As the CO Roadmap, WBS and Schedule are completed; Executive Management should clearly communicate the roadmap and internal organizational plan to the staff. 2. Identify key internal operational processes and assign these processes to the specific executive management for development. These processes should be developed using process flows, approved and implemented and placed under change control so the staff and QA can clearly understand how the organization is operating. Clearly document all related processes, policies, and procedures.



			<ol style="list-style-type: none"> 3. Continue to refine and update the CO organizational chart, including detailed roles, responsibilities, expectations, and authorities. 4. Consider additional entrepreneurial resources to assist the CO executive management team in moving toward a more entrepreneurial operating model. 5. Closed. 6. Closed. 7. CO should re-evaluate the organizational needs of the IT department with the advent of the new architecture and responsibilities CO has incurred. 8. (New) CO should consider adding a Line Manager that is responsible for delivering a specific product line. This position should operate from the perspective of the Product Development Lifecycle (PDLC). See attachment G.
<i>Human Resources (HR)</i>	<i>Med</i>	<i>Med</i>	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • After reviewing the Organizational needs of the IT group based on the architecture change, new roles are probably necessary in the organization. • Viewing the product delivery from a product line perspective rather than a single product perspective will require a slightly different resource structure. <p>Risks:</p> <ol style="list-style-type: none"> 1. The dynamic nature and fast organizational growth of CO may create significant staff stress and frustration. Communication and HR support systems will be taxed. 2. Staff with gaps in their skill sets can create schedule delays, rework and/or incorrect planning and execution for the organization. 3. Closed. 4. Closed. 5. Lack of a product or portfolio skill set in the organization will hamstring the organization in its ability to deliver focused products and link them to effective advertising and marketing campaigns. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Continue to focus on defining and implementing the required HR support processes. Finalize the CO Human Resource Management Handbook. Complete job descriptions for all filled and anticipated staff positions.



		<ol style="list-style-type: none"> 2. Closed. 3. Continue to support team building and informal support structures for staff. 4. Complete, publish, gain approval of, and implement a comprehensive CO Resource Management Plan that includes a required skills matrix. 5. Inventory the skills of the existing staff and perform a gap analysis to the required skills of the organization. The gaps should then be prioritized and either staff should be augmented with consultants, trained or new employees should be sought out with the proper skill sets. CO should continually evaluate employees skills against the tasks they have been given. Areas where there are gaps should be identified and mitigated quickly. 6. Implement formal HR Policies and procedures. 7. Closed. 8. Re-evaluate the needs of the IT organization to determine if new roles and personnel are needed based on the change in architecture and delivery model. 9. (Update) CO should consider adding an experienced Product Managers who are focused on delivering specific products to the market from a cross functional perspective. This skill set would be instrumental in defining the detailed features and functions of the product and creating and managing a detailed product roadmap for the various lines of business.
Stakeholder Management (SM)		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO has engaged in multiple stakeholder outreach and communication efforts throughout the month. <p>Risks:</p> <ol style="list-style-type: none"> 1. Lack of proactive communication with Exchange stakeholders may limit early participation and/or public support. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Complete, publish, gain approval of, and implement a comprehensive CO Stakeholder Engagement Plan. 2. Develop scenarios to clearly communicate the benefits of participating in the Exchange. 3. (Update) Continue proactive outreach and stakeholder communication efforts.
Communications (COMM)		



			<p>Findings During Period:</p> <ul style="list-style-type: none"> A marketing and communications RFP was posted for a Vendor to execute the communication plan and a vendor was selected. <p>Risks:</p> <ol style="list-style-type: none"> If the Exchange does not communicate its functions in a consistent manner then confusion and frustration may result for entities that need to oversee, interface with, purchase or supply services to the exchange. If the Exchange does not communicate its functions in a consistent manner then CO's management credibility may suffer. <p>Recommendations:</p> <ol style="list-style-type: none"> Closed. The internal marketing function of CO should work with the IT, SME's and executive management to identify areas where specialized high level communications need to take place. The Marketing organization can and should utilize the information that should have been produced from the work identified in the Roadmap Section of this report to begin to articulate the functionality of the exchange. Closed. The Marketing organization should establish consistent messaging for the organization that reflects the roadmap of the Exchange. Design and implement a specific external marketing / education program, including the clear purpose and benefits of participation in the Exchange. Consider independent QC of the final Sandstrom deliverable.
Project Management (PM)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> Refer to Attachment F Work is continuing on a variety of "foundational" PM documents. Project tracking and reporting findings are included as Attachment B. Monthly CO status reporting is being tied to tasks in the CO schedule. (New) The first two Project Management foundational documents (communication plan and charter) have been submitted to MAXIMUS for formal QC review.



		<p>Risks:</p> <ol style="list-style-type: none"> 1. Without a full set of “foundational” project processes and controls, the project will likely suffer from ad hoc and inconsistent execution of the project work. 2. Closed. 3. Without all of these foundational documents being clearly completed, approved, and enforced by executive management they will not be institutionalized. 4. Combined with PM Risk #1. 5. Without a clear set of metrics from which to track and report progress to the executive management of CO, HIX-IT, the Board, and LFO COs project management will continue to react to requests for a variety of status information. 6. Closed. 7. Closed. 8. Project tracking and reporting risks are included as Attachment B. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Finalize and implement a full set of “foundational” operational documents, including human resource management, contract management, grant administration, CO governance, staffing plan, stakeholder communications, and accounting management plans. 3. Closed. 4. Closed. 5. Finalize and implement a comprehensive change control process for all of these foundational documents, as well as the WBS and schedule, as described in the Scope and Schedule Sections of this report, respectively. Include guidelines regarding “rolling wave” elaboration of near-term activities. Coordinate all change control processes with the Project Management Office (PMO). All documents should be placed under formal change control and be available in the Dropbox. 6. The Dropbox should be set-up on a manner that aligns with the WBS so that documents can be easily located. A process for document versioning should be evident. 7. Closed. 8. Finalize and implement common guidelines for reporting progress, including % complete. Consider implementation a common earned value management (EVM) approach that can be articulated jointly for both the HIX-IT project and CO schedules. 9. Closed. 10. Closed.
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			<p>11. Project tracking and reporting recommendations are included as Attachment B.</p> <p>12. (In process) Consider independent QC review of "foundational" PM documents, including relevant HIX-IT foundational documents.</p>
Contract Management (CM)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO is currently updating the contract policy and procedures. • CO is maintaining a contractor invoice tracking spreadsheet. This spreadsheet includes a comprehensive view of all current contracts, and includes type, term, and value of all contracts. • Progress has been made to tie some contractor work to specific deliverables. However, contractor work is not clearly tracked against the project WBS or schedule. • Recent contracts are deliverable-based, however legacy agreements remain, for the most part, time and materials <p>Risks:</p> <ol style="list-style-type: none"> 1. Agreements that allow contractor's to bill for hours worked, instead of fixed priced payments for satisfactory completion of specific deliverables, leave the onus on CO to verify that the hours were worked and sufficient value was created by the contractors, according to their individual agreements. It may also be difficult to prove or justify the commensurate expenditures. 2. Without clear contractor procurement and management plans, as well as documented contractor deliverable expectations and deliverable-based payments, CO may have difficulty extracting the expected tangible value from these contractors. This may also lead to the inefficient use of contractor staff and the associated Federal funds. 3. Without a clear tie between contractor work and the project WBS or schedule, effective management of contractor effort and billings will be difficult. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Conduct an independent assessment of all contractor activities and proposed deliverables. Identify opportunities to convert contractor payment method to state approval of specific contractor fixed-priced deliverables. Renegotiate agreements, as appropriate. 3. Closed. 4. Define specific roles and responsibilities for contractors. Clearly assign work, as defined in the WBS and schedule, to specific contractor staff. Use this information to update the CO staffing plan, as



		<p>appropriate.</p> <p>5. Closed.</p> <p>6. Closed.</p> <p>7. Develop transition plans to move contractor positions to CO employees.</p> <p>8. Clearly tie contractor work to the project WBS or schedule. Track progress (% complete) accordingly.</p>
Product Content (PC)		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO is currently developing a Scope Management strategy and process - the expected release of this document is unknown at this point. • (Update) The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO) and Role Based Access (RBAC) strategy is incomplete. CO has decided to contract with an independent security consultant to do a risk analysis of the security solution. • The User Interface work being conducted by Deloitte is scheduled to be completed in the March 8th 2013. These requirements are dependencies for the HIX-IT schedule development and will likely negatively impact the overall schedule. • (New) User Interface work by Deloitte is scheduled to be completed by March 1st. This timeline is problematic. <p>Risks:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. (Update) The foundational services components (Security, MDM) will be implemented later in the process, potentially resulting in significant rework. In addition, process flows may need to change and or expected functionality may not be available when foundational services models are over laid on the existing builds. 4. Managing and matching docs in workflow processes will affect system design, customer expectations and HIX staffing requirements. See Attachment D for workflow-related, "no wrong door" risks. 5. Obtaining federally required signatures on documents may be a burden for the customer, system and customer service organization. 6. Closed. 7. Closed. 8. Informality in the use of BPM or UML will result in varying degrees of process flow quality. 9. Closed. 10. Closed.



		<ul style="list-style-type: none">11. Please see Attachment A for specific, security-related risks.12. Please see Attachment C for contingency planning risks.13. Please see Attachment D for workflow-related, "no wrong door" risks. <p>Recommendations:</p> <ul style="list-style-type: none">1. Closed.2. Implement a product validation procedure and requirements change management process to validate the requirements submitted for development. Implement a change process to correct any defects of requirements.3. Define the process for integrating the requirements from CO into the foundational services components of the development teams early in the requirements process.4. Identify all areas where documents are expected to be uploaded, faxed or mailed and review the validity for these documents in the workflow process. Ensure that the system architecture has a document management strategy. Ensure that the documents requirements are clearly identified in the current JAD session, Data requirements, use cases etc. An inventory of all document expectations should be identified to assess the magnitude of the effort. See Attachment D.5. Clearly identify where signatures are required for client documentation. Validate if they are required by consulting DOJ, IRS, Carriers, etc.6. CO should have a formal review the existing OUM process (including foundational services) as it is implemented (tailored) for the Exchange project. This OIS process should be clearly documented, approved, implemented, and placed under change control. The process, if not controlled, will begin to drift as project managers move their attention to other areas/processes of the project that need to be "stood up". This will also enable QA to monitor the process as it continuously improves.7. Closed.8. A complete and accurate record of all iteration use case work packages and Oracle functional and technical design documents and Corporation testing documents should be organized and kept as a complete package in the Dropbox. Understanding the amount of customization of the current implementation will be critical for CO as future needs are established.9. CO should require all BA work to be done using CMS standards whenever possible. This will help ensure that 1.) the work done by all the BA's is completed with a common language. 2.) this common language can be utilized to communicate more effectively with trained developers and 3.) the products can be archived and reused at a later date potentially with different BA's and Developers.10. Closed.11. Please see Attachment A for specific, security-related recommendations.12. Please see Attachment C for contingency planning recommendations.
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			13. Please see Attachment D for workflow-related, "no wrong door" recommendations.
Testing (TST)	Med		
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • (Update) The first draft of the CO test strategy was delivered in February. • The CO scheduler and testing manager has developed and initial timeline for UAT. • HIX-IT has planned to provide a UAT testing environment that will be used solely by CO. A schedule for implementation of this environment needs to be identified by CO. • CO has decided to have Independent Verification and Validation (IV&V) testing completed on the system prior to training. • The development is scheduled to go beyond the anticipated April 30th deadline. This will most probably increase SIT testing which is a dependency for UAT testing. <p>Risks:</p> <ol style="list-style-type: none"> 1. Current iterations are being accepted without a formal and methodical review of the product. This may result in defects being found and fixed at a later point as potential issues are found. 2. Lack of a dedicated test environment will limit the exposure of the SME's with the product that is being developed. It is very important that SME's have ample time to play with the design so they may be able to refine the design as necessary. The SME's should also be encouraged to use non-industry personnel, i.e., public users to get feedback on the public facing components of the exchange. Lack of a dedicated test environment will require significant coordination with the IT testers and a reduced amount of time to access the system. 3. (New) The continued development beyond the scheduled timeframe will encroach on SIT testing which will eventually affect UAT testing. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Create a comprehensive test plan that outlines the strategy for iteration and UAT testing to be conducted by CO. Note: this testing should include security requirements. 2. Confirm that a dedicated test environment will be available for CO testing, such that they have sufficient time to review the design of the system as it is being built, allow demonstrations and focus groups to view the design, train, testing, etc. 3. Ensure that usability testing using typical users of the system is included in the testing of the Exchange on-line system. 4. Closed.



			5. (New) Contain the scope in I17 (April 30 th) for the Oct 1 st release. If an I17a or and I18 is to be added and included into the Oct 1 st release it will negatively affect the schedule and potentially the quality of the release.
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SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon policy and business operations is vital to planning operational procedures for Medicaid processing. In February, Cover Oregon formally provided specific due dates to OHA for the expectations for MMIS system interface architecture approach and delivery. OHA, DHS and Cover Oregon staff have been working together on multiple "work streams" related to Medicaid processing, with decisions coming out of those meetings and being approved by OHA, DHS and Cover Oregon leadership authorized to finalize and sign off on these decisions.
Roadmap	The current road map outlines the products, services and functionality that will be delivered in Version 1.0 of the exchange. A cross-functional team is compiling and prioritizing products and services for post-1.0 upgrades in 2014, Version 2.0 and beyond.
Scope	Cover Oregon has locked down scope as the final scope continues to be refined. Cover Oregon is currently actively managing and tracking scope through prioritization and the scope management process.
Schedule	Cover Oregon continues to work towards a comprehensive schedule as is outlined in the organization's schedule management process. New discovery will occur but Cover Oregon and HIX-IT have established adequate controls. Cover Oregon is also working closely with OHA to mitigate any possible staffing issues.
Budget	Cover Oregon is currently conducting a budget re-evaluation as we shift to a separate Oracle instance. We are in the process of negotiating contracts and working with OHA to best forecast ongoing maintenance and operational costs given this move.
Funding	MAXIMUS correctly notes that Cover Oregon has received \$226 million dollars in Level 2 funding from the Federal government. Approximately \$90 Million is for IT.
Board Governance	MAXIMUS correctly notes that the Executive Director and staff routinely meet with the Board and its finance committee, providing members with a variety of informational documents.
Inter-Org Coordination	Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to planning the operations for Medicaid processing. In February, Cover Oregon formally provided specific due dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery.
Organizational	Cover Oregon agrees that the organization is growing at a very quick pace. The organization and its staff are adapting and managing to change.



Management	
Human Resources	The current staffing strategy which includes a mix of CO and contracted staff takes into account the need to support the entire technology infrastructure - including new development and operations and maintenance. The scope of the staffing strategy takes into account the need to manage the smite stack from the hardware to application configuration and management.
Stakeholder Management	Cover Oregon continues its proactive outreach and stakeholder communication efforts.
Communications	The marketing and communications teams are preparing for any changes in initial launch so that expectations can be set with stakeholders and consumers, and marketing materials are appropriate to the situation.
Project Management	Cover Oregon agrees that scope and schedule must be managed very closely through final development; Cover Oregon has made significant progress in reviewing and integrating with the HIX-IT project/product planning artifacts. Quality control of project management documentation continues to move forward with the IT Communication Plan document being updated as per findings from initial round of QC.
Contract Management	Cover Oregon utilizes a Work Breakdown Structure (WBS) to identify activities to be completed on the way to Day 1 of open enrollment. Tasks that are assigned to contractors have been identified and are being tracked, as are other resources.
Product Content	Cover Oregon continues to attend the workshops and actively escalates progress or issues as they arise. Much progress has been made to identify the security model and process. Cover Oregon is actively managing the product content through the Foundational Services summit. Scope management documentation is in process, and Cover Oregon has created and is utilizing a comprehensive change control process.
Testing	Cover Oregon created a comprehensive test plan strategy to guide testing activities across the organization and to integrate with HIT-IT testing processes. Cover Oregon has management process to manage risks associated with concurrent test and development work.



SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

Attachment A: Detailed Security Concerns (July Findings)

Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
 - Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
 - Identity proofing approach is currently unclear. Identity proofing is required to provide assurance of non-repudiation. Identity proofing of some form will be required by the Exchange due to the nature of the environment.
 - Identity proofing is currently at the individual level only. It is unclear how an employer, broker, employee, etc., will be proofed in the system for their specialized role.
 - Internal staff roles in the system are not defined.
 - External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Identity proofing can be costly and can have a customer usability impact. If the ID proofing is considered to be too cumbersome by the public it can affect the use of the Exchange by the general public.
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.
6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-

administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

Recommendations:

1. Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.
2. Identity proofing: Cover Oregon should understand the requirements from CMS, IRS, etc with regards to what level of ID proofing is required prior to developing the IDM strategy. For more on Federal ID proofing levels please refer to NIST 800-63.
3. Identity proofing: Identity proofing techniques are both a Business and a IT decision. Cover Oregon will ultimately need to bear the risk that the selected approach poses (legal and user acceptance). Cover Oregon should take an active role in deciding and vetting the approach with the IRS, State DOJ and potential customers of the Exchange. Again, this is the front door to the Exchange access as should be a balance between business efficiency (customer acceptance) and security.
4. Identity Proofing/verification: There may be multiple layers of Identity proofing/verification required. Some users may need to provide proof as an individual only, Broker, and / or employer/employee. Cover Oregon should clearly define the requirements to HIX-IT and expect HIX-IT to create a detailed design document for ID and account management that is vetted with Cover Oregon.
5. Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.
6. External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.
7. Much greater emphasis should be placed on defining the IDM strategy for Cover Oregon.
8. Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.
9. Closed
10. Where possible, full mock-ups or prototyping of the Identity proofing and external self-administered roles should be made available to the business to determine the usability impact to the customer experience prior to implementation. This determination should use market research and data to fully justify the decisions made.

Attachment B: Detailed Tracking and Reporting (August Finding)

Finding:

- The full scope of the HIX-IT development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
 - There are a number of areas that need developed, including:
 - Use cases (general configuration of HIX-IT Components)
 - Interfaces to external IT Systems (approximately 60)
 - User Interface
 - Oracle Policy Automation rule development
 - Security
 - Content Management
 - Data classification and segmentation
 - Rework and refinement
 - Currently the CO Project Management is reporting the state of the 200+ use case work packages as a method of tracking project progress to Cover Oregon Management. While this is important, it only represents a portion of the overall IT development work. For example, current use case iterations being reported on may only comprise 45% of the overall IT work.
 - The current use cases that have been developed in iterations 9 through 12 are reported as "completed". According to the HIX-IT Product Planning document they are still rated as "blue" or incomplete due to the additional items identified above.

Risks:

1. Measuring Exchange Development progress via the number of use cases only will cause incorrect expectation setting and confusion on the part of Cover Oregon over the coming months.
2. Calling use cases "complete" is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.

Recommendations:

1. Cover Oregon should work with HIX-IT Program Management to establish a more comprehensive methodology for estimating the level of effort required for the major components of the project.
2. The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.
3. Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress.
4. The development areas and metrics identified above should be reported to Cover Oregon's management monthly basis at a minimum.



Attachment C: Contingency Planning (September Finding)

Findings:

OHA OIS has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA has made and/or is currently making include:

1. Assuming the role of prime contractor for the overall state development effort.
2. Deploying technology that is largely new to OHA.
3. Deploying an integrated enterprise architectural vision that is largely new to OHA.
4. Deploying a new software development lifecycle (iterative) that is new to OHA.
5. Re-organizing the delivery model (centralized model) for IT projects within OHA.
6. Standing up new processes to support this new delivery model.
7. Merging the technology and business operations of three organizations (OHA, DHS and CO) and attempting to develop a “no wrong door” approach (see attachment D).

Furthermore, OIS does not have experience in estimating level of effort within the HIX-IT project team or within OIS foundational services team using a common estimation methodology. It may take several iterations to sync the methodologies when they are stood up.

A risk was raised by the Oracle development team regarding the use of a single instance of WebCenter for development. Oracle recommended that separate instances be used as the planning and coordination issues are considerable and likely will slow development. It is our understanding that a decision has been made by OIS foundational services (no written decision has been made available) to use a single instance.

Application and architecture decisions require Modernization agreement prior to implementation. The projects are on different timelines, have only partially overlapping priorities and have a different sense of urgency. See matrix below for priorities.

	P3	P2	P1
Individual Tax Credit	P3	P2	P1
SHOP Tax Credit	NA	NA	P1
MAGI (Medicaid/CHIP) eligibility, shopping and enrollment only	P2	P1	P2
Non-Magi			P3
Other Medical			NA
Non medical	P1	P4	NA

The OIS and HIX-IT overall governance structure as stated in the Project Charter does not appear to be functioning. This process needs to be clarified, documented and made balanced and transparent for the business, and all development teams going forward.

OIS does not appear to have formal, detailed, documented, functioning, transparent technical governance or data governance committees.

The software applications are expected to be merged for the first time towards the end of the HIX-IT project. This has never been attempted within the OHA development teams to date. The technical components of the merge are known to some degree, but how the organization will approach and deal with "collides" on a business level has never been done in OHA/Cover Oregon.

OHA must produce, sync and baseline a variety of detailed schedules (HIX-IT, Modernization, Security, MDM, Environments, OPA/application business rules, SOA, Webcenter, PeopleSoft, IVR, UI, OBIE and CO) for this project to be successful.

OHA and the HIX-IT project has slipped a number of proposed deadlines to date (see scheduling section). Cover Oregon has a schedule that is highly dependent on the HIX-IT, Modernization, and OIS foundational services schedules. And vice versa.

A number of basic project processes are not fully implemented within the OIS project structure (e.g., change control, testing, common estimation methodology, common schedule methodology, common activity diagramming methodology, etc.)

The current high level CO Timeline and the more detailed MS Project Schedule do not have specific usability testing activities identified.

Risks:

- 1) With the project deadline less than 1 year away and the lack of a stable and experienced organization, development and delivery teams within OHA as well as the requirements delay within CO, the probability of missing the target date is currently an issue.

Recommendations:

1. CO should prepare a number of trigger points over the remaining timeline of the project to ensure that scope is continually sized to meet the target date. For example, on November 5th 2012 OHA OIS is scheduled to deliver a detailed project schedule for the remainder of the HIX-IT project. On this date, CO should have a formal review with the OHA CIO, HIX-IT, foundational services project teams and QA to understand in detail the project approach, schedule, dependencies and issues. This information can then be utilized to gauge the progress against an internal CO confidence checklist. The objective of this review should be to determine if significant components of scope should be

deferred. Each trigger point would have a different checklist depending on where the project is on the timeline. An example of a checklist for Nov 5th could be as follows:

- Can scope be locked?
- What percent of scope is outstanding?
- Are schedules for all of the project areas complete, detailed, synced, and tracked using a common methodology?
- Are all project schedules being developed with a common estimation methodology?
- Are key dependencies identified within the schedules and are they listed for the executive management to review?
- Do the schedules have any slack in them and/or does all the scope fit within the current schedule?
- Do the schedules allow for any refinement once the system is constructed?
- Do the Oracle teams agree with the schedules?
- Have Modernization and CO documented the integration points within the application for “No Wrong Door”?
- Is the data that is to be passed from each application clearly documented?
- Is HP ALM operational?
- Are the test teams on board?
- Is there a functional, technical and data governance structure that is balanced and transparent to CO in place and operational?
- Are notes and decisions from these committees clearly documented for the development teams to build from?
- Etc.

The answers to this checklist can then determine a go/no-go for the current scope. If the decision is a no-go for the current scope, CO should have a list of predefined, prioritized and agreed to scope reduction options that can be employed immediately. Scope reduction options could be looked at from a horizontal (across all CO application components) and then, if need be, from a vertical application perspective. An example of scope reduction options could be as follows:

Scope reduction examples from a horizontal perspective:

- Reduce the complexity of the current architecture.
- Defer the merge and rebaseline of code until after go live.
- Implement separate instances of Oracle components that are dependent on interagency business integration.
- Reduce the dependency on the integration with other programs by deferring the “No Wrong Door” approach.
- Implement UI wireframes using Siebel.
- Etc.



Scope reduction examples from a vertical perspective:

1. Defer significant portions of the PeopleSoft components and process the billing manually.
2. Defer electronic plan loading from the Carriers.
3. Defer online Medicaid eligibility, plan selection and enrollment within the Exchange and process them manually.
4. Etc.

Each of these options would be pre-sized so that depending on the amount estimated schedule variance or slack desired by CO an equal amount of scope can be deferred. For example, if the schedule is off by 20% and reducing the complexity of the architecture can save 20% in the schedule then this would be employed because it is prioritized high and equals the needed time savings.

The formality of this process will give CO executive management a clear understanding of the project status and enable them to pull the appropriate levers to make the project successful at a variety points in the upcoming year.

Attachment D: “No WrongDoor” Cooperation (September Finding)

Findings:

OHA/DHS and CO have a general agreement to create a “no wrong door” approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a “to-be”, future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

- Lack of a clear, detailed, integrated view of “no wrong door” will hamper a smooth implementation of this vision
- Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the “no wrong door” approach in time for the October 2013 opening the Exchange.
- Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
- Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
- Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
- Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is implemented in a timeframe and

manner that fits the vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

- The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:
 - General vision of all the leaders.
 - Scope, which identifies all the agency programs that are required to participate in the effort.
 - Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
 - Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
 - High level deliverables, such as:
 1. All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:
 1. Identification of all policy changes for each program with respect to the "no wrong door" initiative.
 2. Identification of the following information about each on-line application:
 1. General screening requirements for all programs (Medicaid, QHP, etc).
 2. Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
 3. Specific data elements that is required for each application when they are passed from another application.
 4. Identification of a common point of transfer (after screening, after application completion, etc.)
 5. Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
 3. Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
 1. Identification of the agency that will handle processing of specific applications/or portions of applications.
 2. "Warm" handoff of clients that call in and require a transfer to another agency.
 3. Identification of common staffing of support and customer service centers, if required.
 4. Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
 5. Recommendations for the content of an integrated transition plan.
- High-level schedule, including definition of "no wrong door" process flows and detailed requirements.

Attachment E: (Closed) Architecture Simplification (November Finding)

Findings:

1. The current architecture implementation of the ORACLE stack may not suit the operational business needs of Cover Oregon.

Background:

In the September MAXIMUS made the following statement in Attachment C of the Cover Oregon (CO) monthly report.

- Oregon Health Authority (OHA) Office Information Services (OIS) has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA have made and are currently making are as follows:
 - Assuming the role of prime contractor for the overall state development effort.
 - Deploying technology that is new to OHA.
 - Deploying an enterprise architectural vision that is new to OHA.
 - Deploying a new software development lifecycle (iterative) that is new to OHA.
 - Re-organizing the delivery model (centralized model) for IT projects within OHA.
 - Standing up new processes to support this new delivery model.
 - Merging the technology and business operations of three organizations (OHA, DHS and Cover Oregon (CO)) and attempting to develop a “no wrong door” approach.

In general, the aggregation of the above items constitutes a very high risk for the Health Insurance Exchange ability to meet its business objectives. Two of these items are borne out of an industry belief of cost savings to an organization, items 3 and 5. This document is intended to further describe these items so that all parties have clarity of the significance of the risk taken by the State.

Definitions:

Separate instance (SI) systems – is a method of implementation where each business unit has a separate and complete technology stack for each business unit.

Global Single Instance (GSI) – is a method of implementation that consolidates common lines of business into a single instance of a technology stack from top to bottom.



Enterprise Integration Architecture (EIA) – is a method of implementation that consolidates common services of a technology stack across similar lines of business and implements separate components for less common processes. For example, security would be a shared service among all business units and the CRM module may be separate instances for each of the business units.

The proposed HIX-IT architecture is a hybrid of the GSI and the SI approaches.

General Implementation Characteristics

The Global Single Instance to the Separate Instance implementation approaches have an inverse relationship with respect to efficiency and flexibility. The GSI approach has the highest degree of efficiency with respect to licenses required and staff needed to operate and maintain the system. In the GSI approach the flexibility of the businesses to make changes and release new features is considerably curtailed because multiple business lines need to be consulted and agreement must be made on priorities among those businesses. This prioritization effort is required to utilize foundational services resources most efficiently. Conversely, the Single Instance approach has the least efficiency and greatest flexibility.

Item 3: Deploying an enterprise architectural vision that is new to OHA.

Nationally, Health and Human Services organizations have a vision of a “No Wrong Door” approach to delivering benefits to their clients. The approach is borne out of the idea that costs can be reduced and services to clients can be improved at the same time. The “No Wrong Door” approach is also required in the ACA. It is important to note that this vision is not related to the system architecture; it is merely an operational vision. Many different architectural approaches can be deployed to implement the desired “No Wrong Door” vision.

OHA/DHS (OHA) OIS is deploying a combination of ORACLE products that together will make up the Oregon OHA and CO solution. The ORACLE solution is comprised of ORACLE developed products and products merged into Oracle through company acquisitions.

OHA has decided that a Global Single Instance (GSI) Architecture approach is the desired strategy for OHA. The GSI architecture implementation is defined by have a single instance for each ORACLE Component servicing all business entities (Modernization and CO) using the system. This decision was made prior to the establishment of the Health Insurance Exchange business. The IT industry, especially ORACLE, believes that this implementation has significant cost savings via reducing the amount of licenses and support staff required to deliver the solution to the businesses.

This architecture approach is typically an evolutionary approach of organizations that currently have separate instance CRM and ERP systems for each business unit. Gartner suggests, “This is the approach (single instance) that should be considered in the integrated organization where there is a high degree of dependence and commerce among units”. The degree of integration, dependency and commerce between OHA and CO is primarily in the Medicaid arena. The

commonality of the DHS/OHA and CO organizations is currently estimated to be 10% of total system Exchange volume.

A GSI implementation architecture is typically promoted for organizations that have existing separate instances as a way to save costs and improve efficiency for common business units. For example, a manufacturing company with multiple instance architecture (separate ERP or CRM systems) for existing business lines, will evolve to a single instance architecture when they have mature, common business units, that have common businesses processes.

Separate instance systems are often moved to a single instance over a significant period of time and in a serial process using simple pilot projects. This is due to significant business process reengineering and technical challenges and complexities involved in this effort.

OHA and CO business characteristics are different then what is mentioned above in a number of ways:

1. OHA and CO are separate government organizations with different business missions and goals.
2. CO is a public corporation and is governed by different rules and regulations then OHA.
3. OHA and DHS do not currently have common processes and governance structures.
4. CO is a newly formed entity with untested Greenfield processes.
5. CO and OHA have different business timelines.

OIS has also decided to implement Modernization and the Health Insurance Exchange into a single instance in a “big bang” style, i.e., OIS intends to launch the both applications simultaneously. The selection of implementation approach is a strategic decision that should be made with executive business management understanding what the technical, development, operational and maintainability risks and impacts are to the business. Forrester Research says, “that business process and applications professionals face a variety of challenges in defining the single instance and identifying an apt consolidation model and hence companies should adopt a cautious, phased consolidation strategy”.

Item 5: Re-organizing the delivery model (centralized foundational services model) for IT projects within OHA.

Traditionally the development of a shared-service organization (SSO) or shared-service center (SSC) within an organization is an attempt to reduce costs and standardized processes through economies of scale and centralization. A Global Service Center Benchmark study carried out by the Shared Services & Outsourcing Network (SSON) and the Hackett Group, which surveyed more than 250 companies, found that only about a third of all participants were able to generate cost savings of 20% or greater from their SSO.

Risks:

Item 3: Deploying an enterprise architectural vision that is new to OHA.

1.) The reason for adopting the GSI architecture by OIS is primarily cost savings in licensing, operations and maintenance. However, there is no formal cost benefit analysis or return on investment models in the business case to back these assertions nor are we aware that they exist elsewhere. Without a quantifiable cost benefit analysis (CBA) or minimally a “before” and “after” analysis of the costs under both scenarios, there is insufficient data to determine that that one approach is more cost effective than the other. The lack of mature inter-agency processes and/or inter-agency planning in the following areas would seriously affect the CBA or ROI of such a business case:

- There was limited significant business process analysis and pre-planning,
- Lack of a clearly defined inter-agency “No Wrong Door” analysis. This is fundamentally the identification of a comprehensive new service delivery model.
- Lack of a common or functional governance processes,
- Limited overlap among inter-agency processes,
- Dissimilar priorities and goals among independent state agencies,
- Lack of state staff with appropriate skill sets resulting in a heavy reliance on highly paid consultants from all over the nation.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

2.) In addition to the above ROI/CBA factors, a Single Instance architecture approach also has a significant overhead or tax with regards to business operations that is not clearly articulated to the participating business entities. Each time a new business line is added or there is a change to the existing business processes, the Single Instance approach requires a feasibility analysis and/or a merge of the new code with the existing production code. The analysis and/or merge process looks for technical differences between the new and the production code. These technical differences often equate to differences in business operations. These differences or “collides” require the business units to resolve their operational differences prior to launch. Once the code is merged and launched, all of the existing businesses within the Single Instance receive a new release of code.

This process poses challenges in change management, downtime for patching and maintenance, upgradability and it increases the regression testing effort significantly. Legislative rule changes in healthcare or Medicaid over the next couple of years may result in a single business line significantly disrupting other lines of businesses each time changes or new rules are enacted.

Item 5: Re-organizing the delivery model (centralized foundational services model) for IT projects within OHA.

3.) OIS also uses cost reduction and standardization as their justification to implement foundational services organization. Again, there is no cost benefit analysis or return on investment models in the business case to back these assertions. Without a quantifiable model or a “before” and “after” analysis of the costs under both scenarios, it is dubious to believe that



one approach is more cost effective than the other. For example, the following items would seriously affect the CBA or ROI of such a business case:

1. no detailed strategy by OIS to move the organization to this delivery model.
2. not documenting OIS IT processes and work streams pre-implementation,
3. not focusing sufficiently on the transition period,
4. not having a robust operational transition plan clarifying employee resources,
5. lack of state staff resulting in an over reliance on a significant amount of highly paid consultants from all over the nation.
6. not having a risk management or monitoring process in place prior to implementation,
7. no proven functional or technical governance processes.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

Recommendation:

1.) Implementing a new Global Single Instance Architecture and a Foundational services organization requires significant inter-agency process reengineering and a major overhaul of the OIS IT department to occur simultaneously. The simultaneous execution of these initiatives introduces a compounding effect with regards to risk. Some short term risk mitigation has occurred, for example, additional ORACLE staff is being imported from around the nation to add expertise in the executive management, PMO, project management, scheduling and development areas of the organization.

In figure 1 below, a simple implementation analysis was mapped against perceived risks based on the large initiatives set in motion by OIS. This analysis shows the three implementation approaches discussed in this document and the technology characteristics relative to the business requirements and needs that can be expected from each of the approaches.

This simple analysis concludes that the EIA implementation approach may aid in reducing risk for the projects and potentially support a more flexible business environment for Cover Oregon in the foreseeable future. This risk mitigation approach of moving to an EIA implementation will potentially require an increase in upfront and O&M costs by CO.



Implementation Approach	Analysis Metrics										
	Technology Implementation Characteristics	Time to Market	HW/SW cost	O and M Labor Costs *	Service Delivery Complexity	Shared Services Organization Maturity Level Required	Release Flexibility	Characteristics for the Business	Business Maturity	Inter-Agency BPR Maturity	Business Flexibility
Global Single Instance (GSI) (current OIS approach)	H	L	L	H	M to H	L		H	H	L	
Enterprise Integration Architecture (EIA)	M	M	M	M	M to H	M		M	M	M	
Separate Instance CRM systems for each business unit	L	H	H	L	L	H		M	L	H	
Risks and mitigation techniques for HIX IT											
Timebox project	X										
New Agency (HIX) with no process history						X		X	X	X	
Merging OHA/DHS and CO Businesses for Medicaid and "No-wrong-door"				X					X		
New OIS organizational service delivery model				X	X						
New SDLC approach				X							
New Technology and new implementation strategy				X							
* if sourced by state staff.											

Figure 1.

Attachment F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

1. Individual authentication and ID proofing process
2. Employer authentication and ID proofing process
3. Medicaid authentication and ID proofing process.
4. Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products. The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.
4. Validate that the implemented system has met the required assurance level.
5. Periodically reassess the information system to determine technology refresh requirements.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, 'This document will assist agencies in determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This

responsibility extends to electronic authentication systems." This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.

Risk:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Both sides (technical and business) will state that it is too late to conduct the risk analysis. This may be true for the April 30th deadline, however, if the initial system proves to be too cumbersome to navigate during usability testing or too easy to compromise, a system retool may be necessary prior to Oct 1 launch. Without a proper risk analysis the retool runs the risk reopening the debate between technical and business groups and/or of moving the system to the other extreme.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an "Early Innovator Grant" with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.

Recommendation:



- Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.
- (In process) Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.
- Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.

Attachment G: Scope Management and Product delivery (Feb 2013 Finding)

Cover Oregon Response Summary:

Cover Oregon has deployed a business-driven Scope Management process that supplements original scope management work that began in August 2012. The basic process includes:

- A recurring meeting that includes a cross-organizational team of executives and decision makers.
- An information-based approach that considers mitigation opportunities through: (1) reducing/delaying scope; (2) increasing development capacity, and; (3) expanding the development timeline.
- A regular update and evaluation of scope delivery metrics that allows immediate adjustments and additional actions to be taken.

The results of this process have been positive. The team realizes that there is still considerable risk that must be managed. The following changes have occurred so far:

- Technical interfaces have been reduced from 62 to 39 -- a 37% reduction in interface scope.
- At-risk Medicaid data exchange scope has been managed through communication of a "must have" 4/1 date for completion with planned work-around by Cover Oregon if not delivered. Expectations for what will be delivered on 4/1 were clearly articulated to OHA partners.
- Less than 2 months ago, Maximus estimated that the functional scope was 5 months behind with development work (including merge and rebase; the most recent estimate is approximately 30 days.
- Foundational services scope, while still a struggle for Cover Oregon to affect within OHA/OIS, has seen progress and is now integrated into the functional scope dependencies and management process.

In addition to the work mentioned above, other practices have been deployed to expedite scope issue resolution and decision-making. A 3 x weekly "Scrum" call provides cross-functional issue resolution and tracking with the JIRA system. Most recently, a 3x weekly Development Blocker Resolution meeting was deployed and deemed successful by all involved. Cover Oregon has carefully considered the input provided by Maximus and remains open and attentive to the high quality assistance that has been provided on this project. Cover Oregon also realizes that continued focus must be applied to scope management to navigate toward a successful 10/1/2013 launch date.

Findings (at the time of writing March 10, 2013): (Note: all items below in blue are CO responses)

- CO and HIX-IT has identified ~135 use cases that will need work/development in Iteration 17 (I17), slated for March 1st to May 1st. The 135 are categorized as follows:
 - 29 use cases are expected to be carried over from I16 for additional work based on dependency's to be completed in I17, i.e., interfaces, MDM, etc.

- 24 use cases are considered updates from previous iterations.
- 79 use cases are considered new use cases
- 3 Use cases are TBD
- The CO scope strategy is to do the following:
 1. Have ORACLE give a preliminary (swag) Level of Effort (LOE), i.e. man hours for the ~135 use cases identified for Iteration 17 (I17) slated for March 1 to Apr 30th .

34 use cases were carried over from I-16 work not completed not 29 use case
34 use cases are considered updates from previous iterations
67 use cases are considered new use cases
4 use cases were not labeled out of the 139 total use cases in I-17
- **Oracle has provided Cover Oregon a preliminary level of effort (LOE) to provide some rough order of magnitude estimate of scope issue; more refined LOE estimates were planned and have been delivered by Oracle.**
 2. As part of this process CO wants ORACLE to identify where increasing capacity (development resources) can increase the through put of use cases. Oracle has been authorized to add 21 resources by OHA.
- **Oracle has received approval to onboard 29 resources. As of mid-March all but 3 resources have been on-boarded. Per Oracle, the onboarding build-up was considered in their capacity estimates that were delivered. All roles reviewed and approved by the State.**
 3. CO will then make cuts based on what ORACLE says their swag LOE is and proposed capacity estimates can be for I17. Note: This still may require an additional iteration or iteration subset to complete, i.e., 1 to 2 more months; this additional iteration subset is currently being called I17a.
- **Cover Oregon reviewed and modified the Oracle proposed scope management plan based on business need; Maximus has participated in the scope management meetings and was aware of this approach. It was not a one-time-only event based on initial estimates.**
- Mapping the previous, current (planned) and outstand use cases per iteration produced the following :
 - I14 41 use cases
 - I15 48 use cases
 - I16 62 use cases (planned)
 - I17 135 use cases (outstanding)

- CO currently views it's the organization as centered around two core lines of business (individual and SHOP) The CO organization is loosely organized around these vertical lines of business.
- **Cover Oregon understands the various lines of “vertical” business and has organized much of their business and technical delivery by separate business lines. Maximus’s opinion of how Cover Oregon views as their business is speculative and misrepresents how the project is organized and executed.**

Risks:

1. Without a more vertical view of the service lines and functional components of the Exchange it will be difficult for Management to coordinate the delivery of the exchange releases and focus future development and enhancements around specific target metrics. The current cross functional management of the development, operations, delivery and marketing make it extremely challenging to ensure that all components are “linked and synced” for delivery. Typically, in the private sector, service lines/products are looked at from a vertical perspective and each vertical lines of business will have a Line Manager. The Line Manager typically “owns” the product in the sense that he/she is responsible for delivering the product from a Product Development Lifecycle (PDLC) perspective. A typical PDLC starts with conception and ends with the retirement of the product or service. For example, a typical PDLC may include conception, requirements gathering, market research, feature development, testing, delivery, upgrades, revenue and budget management, operations and maintenance, and finally product retirement. A Line Manager is typically matrix function across these functional areas to ensure that all components are properly coordinated for successful launch and operation of the service or product.

- **Having a fully vertical model versus a more general model is a decision made by organizations and characterizing it as “typical” is not accurate. This model could be problematic as a new company such as Cover Oregon establishes itself. Recommending that Cover Oregon immediately integrate into a hard vertical organization structure could be disadvantageous for a company that is still constructing its initial business.**

2. Without a more integrated vertical view of the Exchange, Management may be in a position whereby they can only do a wholesale push of the delivery date in some incremental fashion (week, month or iteration). Typically, these types of launch slip decisions are based on limited information and subsequent slips tend to happen.

- **Cover Oregon is working toward a 10/1/2013 go-live date. This date is federally mandated for both SHOP and Individual lines of business. Unlike in other typical internal IT projects, date slippage is not an option for Cover Oregon. This hard date is a key driver in the scope management process.**

Further, wholesale schedule slips may result in a throttling of marketing to the public, i.e., if the delivery date messaging has to adapt to the continued slips in the launch of the system the organization will become reticent on aggressively marketing the Exchange in the midst of negative publicity. If the organization begins to throttle the messaging it can potentially negatively affect the pre-enrollment numbers (domino affect).

3. The outstanding use cases currently out weight the previous iterations by more than twice. Continued technical analysis will produce more accuracy and precision as time passes, however, the window is limited and the longer the analysis takes the less time will be available for the business to make strategic decisions other than doing a wholesale delay of the launch.
 - **The Scope Management team is receiving a weekly update of user case development progress providing the Cover Oregon executive team to make quick analysis and adjustments as necessary. Cover Oregon, working with Oracle and HIX IT, is using information to guide its decisions.**
4. Performance for past iterations is not relevant for the I17 iteration. For example, the previous iterations have always had the luxury of a follow on iteration. In previous iterations, issues or incomplete items could be rolled forward into the next iteration, so the complexity of the use cases that are “carryover” or “updates” will probably be increased for I17. In addition, the final iteration will require the connection of use cases to the Foundational Services components.
 - **Stating that something “may or may not happen” is a safe bet for anything that has not already occurred. Lessons learned from I-15 and I-16 are expected to be valuable in estimate I-17 performance. Unlike in past iterations, weekly updates to progress are provided and monitored at the scope management meetings.**
5. The scope reduction strategy of trimming all service offerings (Individual, SHOP and Medicaid) of functionality equally (generally) may result the quality of the exchange experience and functionality being diminished across the entire site.
 - **Cover Oregon is focused on mandatory scope that delivers a solid user experience. Cover Oregon has also begun its “Version 1.x” and “Version 2.0” and beyond process to begin developing its post 10/1 product implementation strategy.**
6. The current scope management strategy being employed is a technical based approach which leads with technology and capacity instead of a business based approach. Having one without the other is an incomplete risk assessment process. This strategy is considered back loaded because the hard business decisions are to be made once the technical analysis is available, i.e., toward the end of the final iteration.
 - **Cover Oregon is driving the Scope Management process while including Oracle and HIX-IT/OHA in the discussion to best understand the impact of its decision. Based on**

this information, Oracle provided a straw man proposal that Cover Oregon modified to best fit its business need.

7. The current scope management strategy does not take into account the work that is currently happening in operations and how operations will need to adjust to any significant last minute changes in scope. Operations will have to react to the late scope deferment decision, which may happen after they have resourced and planned their processes. They (Operations) will have to potentially re-resource and re-plan just prior to their training.

- **The scope management team includes the Cover Oregon Chief Operating Officer. The Operations team is made aware of scope issues on a weekly basis at the Matrix team meetings. Based on best-known information, the CCO makes needed decisions with full input to the Scope Management team.**

8. Detailed LOE estimates will be difficult until late in the iteration. Most likely, Oracle will find the average LOE from the previous iterations for use cases and apply them to all use cases in I17 for the initial swag estimate. This swag will provide some information, however, it will not be as precise as CO would like and may lead CO to falsely assume that all work can be accomplished.

- **Based on review of delivered use cases and UI, Oracle delivered revised LOE and Capacity estimates to Cover Oregon on Tuesday, March 12, versus late in the iteration as suggested by Maximus.**

9. In addition to the above, CO has only asked ORACLE HIX-IT development team for LOE and not OHA/OIS Foundational Services. So the LOE that will be given will be void of important dependency information. OHA Foundational Services is a significant risk factor given the lack of transparency, schedule and communications from these groups.

- **LOE and Capacity estimated from Foundational Services (FS) are not available at this time due to the lack of information available within this scope area that resides within OIS/OHA. FS was invited to participate as part of the scope management team and CO scope management will encourage delivery of its LOC and Capacity as soon as it is available.**

10. The capacity increase provided by ORACLE will also take time, for example it will most likely take 30 days to have resources on the ground from when an authorization is approved. It will also take the resource once on the ground, a minimum of a week to get up to speed. This would mean that the new resource would then only be effective for 6 of the 8 weeks of I17.

- **Oracle received approval to onboard 29 additional resources. Onboarding began in February with the majority of the resources on-boarded by the week of March 25th. Per Oracle, the onboarding build up process was considered in the capacity estimates it delivered to Cover Oregon.**

11. OHA business is a dependency for a significant portion of the CO Medicaid business line. The assumption is that keeping Medicaid in scope for Release 1 with scope reductions on all of the business line (Individual and SHOP) that CO will get the Medicaid piece. The risk with this logic is that the CO Medicaid business line is fully dependent on OHA Medicaid business and IT which have a different delivery schedule.

- **Cover Oregon sent an email to the OHA Director stating its concern with lack of progress on the Medicaid scope delivery. Since that letter was sent, a meeting occurred that outlined a Cover Oregon acceptable solution that is on track for delivery by 4/1. Cover Oregon confirmed that it can go live on 10/1/2013 with the interim solution with little quality risk.**

12. Reliance on an additional iteration (I17a) to be "squeezed" in for the Oct 1 is problematic. Development delivered past the I17 (April 30th) deadline will begin to encroach on a reduced (tight) testing period for the Exchange. Trying to include another iteration (I17a) for the Oct 1 release is risky given the already compressed testing window. Employing this type of strategy with immature organizations (CO and OHA) is very risky. This type of uncertainty of the final operational environment can negatively affect operations, training, marketing, and deployment schedules, further increasing the risk for a low quality launch.

- **Cover Oregon, with input from the scope management team, is managing this period carefully and prioritizing work in this area.**

13. Deferring scope and finalizing development in I17 will still leave the schedule tight. It is considered a high risk to plan tight timeframes with such immature organizations. Without ample slack in the schedule, CO may have to continually adjust their messaging and communications to update their final progress when deadlines slip.

As is discussed daily on the project, the schedule is very tight and risky. Even with finalizing development by 4/30, there is still overlap between SIT, UAT and Performance testing. CO is confused by any mention of "ample slack" in the schedule since the 10/1/2013 date has been seen as overly aggressive and unreasonable for an extended period. The highly aggressive schedule has been recognized by the LFO and reported by the LFO to the Legislature as unreasonable. CO is managing scope to implement its mandates and mitigating risks when possible.

14. The system will be available for end-to-end viewing with the security enabled for the first time at the end of I17 as the testing phase begins (May 1). This first view of the complete system will most likely need significant tweaks and potentially, substantial rework. The developers will be focused on these items for quick turnaround. Including a I17a iteration with the expectation it will be released on Oct 1 will further exacerbate this stressful and compressed schedule.

- **The Oracle development team has been increased for additional work. This capacity increase accounts for development staff to work defects that are uncovered during testing.**

Recommendations:

1. As the Organization matures CO should consider further vertical integration of the Exchange Lines of Business (LOB) by establishing Line Managers that are responsible for the PDLC for their respective areas, roadmap prioritization and meeting target metrics and business objectives.

This deeper vertical view of the exchange will also assist with product and feature prioritization for subsequent releases of the Exchange and .

- **Cover Oregon will take this recommendation into consideration given the feedback provided above.**

2. Using a business risk based approach coupled with an LoB view of the Exchange, alternate or enhanced strategy's for scope reduction can be developed. Example risk factors could be:

- Legal compliance
- Political (National and State)
- Business priorities (Individual, SHOP, Medicaid, Agents, Community Partners)
- Quality (Overall, Individual, SHOP, Medicaid, Customer Service)
- Enrollment Numbers (Individual v. SHOP v. Medicaid)
- Priorities within the business line and Customer Service
- Dependencies (OHA, Foundational services, Carriers, etc.)

a). A test can then be set up by the business to aid in strategic decision making, in parallel to the LOE estimates being created by ORACLE. As an example each business line (Individual, SHOP and Medicaid) and functional areas (Community Partners, Agents, Customer Service) can run through a simple priority test to determine their ranking relative to each other.

1. Does CO think this line of business or functional component to be a CORE compliance item for Oct 1st? (worst to best rating 1,2,3 etc) An example of this would be payment. Is payment required to be delivered in the pre-enrollment period?

2. Does CO think they can weather the political implications of not deploying this line of business or functional component in an automated fashion on Oct 1 nationally? (worst to best rating 1,2,3 etc)

3. Can CO weather the political implications of not deploying this line of business or functional component in an automated fashion on Oct 1 on a state level? (worst to best rating 1,2,3 etc)

4. Does CO deem this line of business or functional component a core automated component of the exchange (Business priorities)? This can be weighted by any number



of metrics, for example, revenue, mission, enrollment, etc. and each can be assigned a priority 1,2, 3, 4, etc.

5. Is this line of business or functional component dependent on areas or groups outside of the control of CO? (least to most rating 1,2,3 etc)

In the above example, items with the lower scores would be the highest priority business lines and functional components.

Note: one way to make this analysis extremely effective is to not allow any answer to be rated the same across the lines of business or functional components. For example, in question 1, none of the lines of business can have the same rating, i.e. 3 lines of business, 3 distinct rating values (1,2 and 3). This "rack and stack" methodology is difficult to do, but can give a very clear and sometimes a surprising picture of the business priorities. In addition, the teams should be encouraged to challenge any and all assumptions in the process. Typically, doing this will provide new insight and thinking on how problems are perceived and dealt with.

b). Once the lines of business or functional components are prioritized, an analysis can be made within each line of business of the key functionality in a similar manner.

This information can then be matched against development capacity and be used to plan what functionality should be made manual (workaround) until an automated solution is available or deferred until a later date. See figure 1. for a rudimentary feature release product plan.

- **Cover Oregon will take this recommendation into consideration given its feedback noted above.**



Sorted by Line of Business (LOB)

LOB		Browse	Select	Medicaid Check	Medicaid Eligible	Medicaid Enrollment	Submit application	Payment	Security	Financial	Customer Service	Community Partner	Agent\ Broker	17	Rel 1	18	Rel 2	19	Rel 3	20	Rel 4	21	Rel 5		
LOB 1	Individual No TC																								
	Individual No TC																								
	Individual TC																								
	Individual TC																								
	Individual TC																								
LOB 2	Shop No TC																								
	Shop No TC																								
LOB 3	Individual Medicaid																								
	Individual Medicaid																								

Sorted by Release Date

LOB		Browse	Select	Medicaid Check	Medicaid Eligible	Medicaid Enrollment	Submit application	Payment	Security	Financial	Customer Service	Community Partner	Agent\ Broker	17	Rel 1	18	Rel 2	19	Rel 3	20	Rel 4	21	Rel 5		
LoB 1	Individual No TC																								
LoB 2	Shop No TC																								
LoB 1	Individual TC																								
LoB 1	Individual TC																								
LoB 1	Individual No TC																								
LoB 1	Individual TC																								
LoB 2	Shop No TC																								
LoB 3	Individual Medicaid																								
LoB 3	Individual Medicaid																								



3. For all functionality that is not under the control of CO, a contingency plan and trigger date should be established. For example, the CMS hub interface for user identity validation is not fully defined and does not have a delivery date from CMS. CO should identify the last point in time this interface can be reasonably delivered for inclusion into the Oct 1st release.

- **Cover Oregon will consider this recommendation.**

4. There will be more than 17 iterations in the life of the Exchange. However, not all iterations will be directly linked to the Oct 1 release date for all LoB's. Typically, in mature and disciplined organizations, a single iteration or groups of iterations are assigned to a specific release. For example, in the case of the Exchange, Iteration 17 would be linked to the first release of the Exchange (Oct 1). A follow on iteration (18) could be linked to the next release in either Nov or Dec. Then iteration 19 could be linked to the next release in Jan or Feb of 2014, etc. This cycle is expected and to halt development on Iteration 17 and or to create a 17a for inclusion in the Oct 1st release is unrealistic, confusing and counter-productive.

- **See feedback provided above by Cover Oregon. Cover Oregon is currently building a process for future minor and major production releases.**



**Oregon Health Insurance Exchange Corporation
(ORHIX) / Cover Oregon (CO)
Monthly Quality Status Report**

March 2013

Deliverable #2.3.i

Draft

Dated: April 17, 2013

TABLE OF CONTENTS

SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

- 1 **Initial Risk Assessment** - identification of initial risks facing CO
- 2 **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
- 3 **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of March, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon.

SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while 11 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall high (red) risk assessment. The Quality Rating Category of "Testing" was also elevated from yellow to red during this period.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and is dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of March, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex and evolving landscape.
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- CO has engaged ORACLE in contract negotiations with respect to hardware/software and services required to operate their own instance of the ORACLE solution set.
- CO continues to identify risks and issues and is attempting to proactively mitigate these risks so as to continue progress toward its mission.

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The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	QA Risk Level	Priority QA Recommendations	CO Risk Level	CO Response
OVERALL HEALTH		<ul style="list-style-type: none"> See below for specific priority recommendations. Continue to review, update, and track all outstanding quality risks and recommendations. 		<ul style="list-style-type: none"> Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	Med	<ul style="list-style-type: none"> CO is creating a Launch Plan. This effort is intended to synchronize the development, business operations and marketing efforts for the initial launch. MAXIMUS recommends that CO formally articulate the dates with OHA and DHS business units as to when the window for automation and operational changes will be closed for this release with respect to Medicaid. 		<ul style="list-style-type: none"> The Go-Live Launch plan is being developed. Cover Oregon is working closely with OHA to clarify dates and expectations. OHA and Cover Oregon leadership are working together to resolve the Medicaid scope issue.
Roadmap	Med	<ul style="list-style-type: none"> The roadmap for the first release will be in flux until scope sizing is completed. This work is expected to continue into the final iteration. 		<ul style="list-style-type: none"> Cover Oregon agrees with finding. The list of open issue is shrinking rapidly.
Scope		<ul style="list-style-type: none"> See attachment G. The Scope for the first release will be in flux until scope sizing and dependency identification and prioritization is complete. CO should establish formal trigger points for OHA Medicaid system development and business units and these trigger points should be communicated to the OHA staff and Director to ensure the appropriate focus applied to meet the deadlines for the project. See Att C and G. 		<ul style="list-style-type: none"> Cover Oregon has specifically responded to attachment "G" in the body of the report. Remaining open issues are being resolved. Agree and have communicated to both OHA leadership and OIS.
Schedule		<ul style="list-style-type: none"> Continue working towards a comprehensive integrated schedule for HIX-IT and OIS foundational services. Develop and publish schedule variance reports for all three schedule components (HIX-IT, FS and CO). Continue to identify project dependencies and critical paths. 		<ul style="list-style-type: none"> Schedule is continually updated and refined as needed. Agreed. Cover Oregon schedule variance reports will be produced in May Agreed, this is occurring.
Budget	Med	<ul style="list-style-type: none"> Update the budget to reflect the new multi-instance architecture and organizational costs for CO. 		<ul style="list-style-type: none"> In March, CO re-allocated IT funds based on architectural and organizational changes.
		<ul style="list-style-type: none"> CO has secured \$226 million 		<ul style="list-style-type: none"> Agree – occurred in

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Table 2: QA Risk Level Tracking

Quality Rating Category	June '12	July '12	Aug '12	Sep t '12	Oct '12	Nov '12	Dec '12	Jan '13	Feb '13	Mar '13
OVERALL HEALTH										
Business Mission and Goals				M	M	M	M	M	M	M
Roadmap			M	M	M	M	M	M	M	M
Scope										
Schedule										
Budget	M	M	M	M	M	M	M	M	M	M
Funding	M	M	M	M	M	M	M			
Board Governance	M	M	M	M						
Inter-Org Coordination										
Organizational Management	M	M	M	M	M					
Human Resources	M	M	M	M	M	M	M	M	M	M
Stakeholder Management	M	M								
Communication	M	M	M	M	M					
Project Management				M	M	M	M	M	M	M
Contract Management	M	M	M	M	M	M	M	M	M	M
Product Content	M									
Testing				M	M	M	M	M		

SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of March, 2013.

Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

Table 3: Detailed Quality Standards Scorecard

Quality Rating Category	Feb 2013	Mar 2013	Risk Assessment Finding, Risks, and Recommendations
Business Mission and Goals (BMG)	Med	Med	<p>Findings During Period:</p> <ul style="list-style-type: none"> CO is creating a Business Operations Plan now referred to as the Launch Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. A draft outline of the Business Operations Plan was completed in Feb and is being utilized as a source for the Launch Plan The business mission and goals between OHA OIS and CO are not fully aligned with respect to Medicaid. Work is being done in this area, however, the cultures and timelines are different. CO has formally notified OHA OIS of their expectations, trigger events and dates they will use to determine if a contingency plan must be implemented for the Oct 1st release. <p>Risks:</p> <ol style="list-style-type: none"> Without a sufficiently detailed enrollment modeling and financial information in Business Plan CO may set the wrong expectations with the Board and various stakeholders. Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid. (New) Without a detailed launch plan, coordination of IT, OPS and Marketing may not be in alignment. <p>Recommendations:</p> <ol style="list-style-type: none"> Closed. Closed. (In process) Utilize updated business market data, potentially from Wakely Group and other states for Medicaid enrollee projections. Use this to enhance the Business Plan document with more detailed analysis. (In process) Update the detailed business model for the Exchange. Document in detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. This information should be appended to the updated Business Plan. This plan should include Medicaid "take rates" for the electronic exchange, as well as references to source materials. Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan. Closed. Closed. Closed Carefully consider all, recent participation rate information.
Roadmap (RM)	Med	Med	<p>Findings During Period:</p> <ul style="list-style-type: none"> A general road map has been defined that goes until 2016. Currently there is no process for determining what features are considered priority for future releases. The roadmap for the first release will be in flux until all dependencies and development efforts are sized. Scope sizing is expected to be completed for the Oct 2013 through the early part of May. <p>Risks:</p> <ol style="list-style-type: none"> Without a clear, comprehensive, and authoritative description of the Exchange roadmap, the project will

SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	<p>The Go-Live Launch team has been established and the plan is being developed. Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon policy and business operations is vital to planning operational procedures for Medicaid processing. Cover Oregon is working closely with OHA to clarify dates and expectations. OHA and Cover Oregon leadership are working together to resolve the Medicaid scope issue. OHA, DHS and Cover Oregon staff have been working together on multiple “work streams” related to Medicaid processing, with decisions coming out of those meetings and being approved by OHA, DHS and Cover Oregon leadership authorized to finalize and sign off on these decisions.</p> <p>The launch plan is being developed to ensure successful day 1 (10/1/13) operation.</p>
Roadmap	The current road map outlines the products, services and functionality that will be delivered in Version 1.0 of the exchange. A cross-functional team is compiling and prioritizing products and services for post-1.0 upgrades in 2014, Version 2.0 and beyond. This work is based on a formal process for determining priority functionality and scope.
Scope	Cover Oregon has specifically responded to attachment “G” in the body of the report. Cover Oregon continues to work with OHA leadership and OIS to communicate expectations and resolve outstanding issues. Remaining open scope issues are being resolved through the change management and development “blocker” resolution processes.
Schedule	Cover Oregon continues to build and update a comprehensive schedule as is outlined in the organization’s schedule management process. New discovery will occur but Cover Oregon and HIX-IT have established adequate controls. Cover Oregon is also working closely with OHA to identify and mitigate project dependencies.
Budget	In March, Cover Oregon re-allocated funds based on the shift to a separate Oracle instance. Funds already allocated to IT were moved, so that they would fund contracts directly rather than support OHA’s contracts. Cover Oregon signed contracts and is working with OHA to best forecast ongoing maintenance and operational costs given this move.
Funding	In February 2013, Cover Oregon received Federal approval of its \$226 million Level 2 funding request. Approximately \$90 Million is for IT.
Board Governance	MAXIMUS correctly notes that the Executive Director and staff routinely meet with the Board and its finance committee, providing members with a variety of informational documents.
Inter-Org Coordination	Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to planning the operations for Medicaid processing. Cover Oregon has formally provided specific due dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. In March and

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	April, Cover Oregon worked closely with OHA leadership to resolve outstanding issues.
Organizational Management	Cover Oregon agrees that the organization is growing at a very quick pace. The organization and its staff are adapting and managing to change.
Human Resources	The current staffing strategy includes a mix of CO and contracted staff and takes into account the need to support the entire technology infrastructure - including new development and operations and maintenance. The scope of the staffing strategy takes into account the need to manage from the hardware to application configuration and management.
Stakeholder Management	Cover Oregon continues its proactive outreach and stakeholder communication efforts.
Communications	The marketing and communications teams are preparing for any changes in initial launch so that expectations can be set with stakeholders and consumers, and marketing materials are appropriate to the situation.
Project Management	Cover Oregon agrees that scope and schedule must be managed very closely through final development; Cover Oregon has made significant progress in reviewing and integrating with the HIX-IT project/product planning artifacts.
Contract Management	Cover Oregon utilizes a Work Breakdown Structure (WBS) to identify activities to be completed on the way to Day 1 of open enrollment. Tasks that are assigned to contractors have been identified and are being tracked, as are other resources.
Product Content	Cover Oregon is working with HIX IT and OHA leadership to manage content and is escalating issues as they arise. Much progress has been made to nail down security and operational processes. Cover Oregon is actively managing the product content through the Foundational Services summit meetings, which include OIS leadership and project management staff. Scope management is ongoing and based on an established process between Cover Oregon leadership, Oracle and HIX IT PM. Put plans in place to implement harmonized security framework. SOW for security review and recommendation was completed in March.
Testing	Cover Oregon has added a testing consultant from Oracle who has been highly effective. Cover Oregon created a comprehensive test plan strategy to guide testing activities across the organization and to integrate with HIT-IT testing processes. Cover Oregon has management process to manage risks associated with concurrent test and development work. Cover Oregon recognizes that an additional iteration is required. Development has been sequenced to allow for back office configuration while customer-facing technology is tested. Cover Oregon will ensure any overlap is tightly managed and will coordinate testing using a risk-based approach. This will ensure the highest level of product quality in priority areas.

SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

Att A: Detailed Security Concerns (July 2012 Findings)

Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
 - o Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
 - o Identity proofing approach is currently unclear. Identity proofing is required to provide assurance of non-repudiation. Identity proofing of some form will be required by the Exchange due to the nature of the environment.
 - o Identity proofing is currently at the individual level only. It is unclear how an employer, broker, employee, etc., will be proofed in the system for their specialized role.
 - o Internal staff roles in the system are not defined.
 - o External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Identity proofing can be costly and can have a customer usability impact. If the ID proofing is considered to be too cumbersome by the public it can affect the use of the Exchange by the general public.
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.
6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

Recommendations:

- 1 Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.

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- 2 Identity proofing: Cover Oregon should understand the requirements from CMS, IRS, etc with regards to what level of ID proofing is required prior to developing the IDM strategy. For more on Federal ID proofing levels please refer to NIST 800-63.
- 3 Identity proofing: Identity proofing techniques are both a Business and a IT decision. Cover Oregon will ultimately need to bear the risk that the selected approach poses (legal and user acceptance). Cover Oregon should take an active role in deciding and vetting the approach with the IRS, State DOJ and potential customers of the Exchange. Again, this is the front door to the Exchange access as should be a balance between business efficiency (customer acceptance) and security.
- 4 Identity Proofing/verification: There may be multiple layers of Identity proofing/verification required. Some users may need to provide proof as an individual only, Broker, and / or employer/employee. Cover Oregon should clearly define the requirements to HIX-IT and expect HIX-IT to create a detailed design document for ID and account management that is vetted with Cover Oregon.
- 5 Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.
- 6 External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.
- 7 Much greater emphasis should be placed on defining the IDM strategy for Cover Oregon.
- 8 Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.
- 9 Closed
- 10 Where possible, full mock-ups or prototyping of the Identity proofing and external self-administered roles should be made available to the business to determine the usability impact to the customer experience prior to implementation. This determination should use market research and data to fully justify the decisions made.

Att B: Detailed Tracking and Reporting (Aug 2012 Finding)

Finding:

- The full scope of the HIX-IT development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
 - o There are a number of areas that need developed, including:
 - Use cases (general configuration of HIX-IT Components)
 - Interfaces to external IT Systems (approximately 60)
 - User Interface
 - Oracle Policy Automation rule development
 - Security
 - Content Management
 - Data classification and segmentation
 - Rework and refinement
 - o Currently the CO Project Management is reporting the state of the 200+ use case work packages as a method of tracking project progress to Cover Oregon Management. While this is important, it only represents a portion of the overall IT development work. For example, current use case iterations being reported on may only comprise 45% of the overall IT work.
 - o The current use cases that have been developed in iterations 9 through 12 are reported as "completed". According to the HIX-IT Product Planning document they are still rated as "blue" or incomplete due to the additional items identified above.

Risks:

1. Measuring Exchange Development progress via the number of use cases only will cause incorrect expectation setting and confusion on the part of Cover Oregon over the coming months.
2. Calling use cases "complete" is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.

Recommendations:

- 1 Cover Oregon should work with HIX-IT Program Management to establish a more comprehensive methodology for estimating the level of effort required for the major components of the project.
- 2 The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.
- 3 Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress.
- 4 The development areas and metrics identified above should be reported to Cover Oregon's management monthly basis at a minimum.

Att C: Contingency Planning (Sept 2012 Finding)

Findings:

OHA OIS has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA has made and/or is currently making include:

- 1 Assuming the role of prime contractor for the overall state development effort.
- 2 Deploying technology that is largely new to OHA.
- 3 Deploying an integrated enterprise architectural vision that is largely new to OHA.
- 4 Deploying a new software development lifecycle (iterative) that is new to OHA.
- 5 Re-organizing the delivery model (centralized model) for IT projects within OHA.
- 6 Standing up new processes to support this new delivery model.
- 7 Merging the technology and business operations of three organizations (OHA, DHS and CO) and attempting to develop a "no wrong door" approach (see attachment D).

Furthermore, OIS does not have experience in estimating level of effort within the HIX-IT project team or within OIS foundational services team using a common estimation methodology. It may take several iterations to sync the methodologies when they are stood up.

A risk was raised by the Oracle development team regarding the use of a single instance of WebCenter for development. Oracle recommended that separate instances be used as the planning and coordination issues are considerable and likely will slow development. It is our understanding that a decision has been made by OIS foundational services (no written decision has been made available) to use a single instance.

Application and architecture decisions require Modernization agreement prior to implementation. The projects are on different timelines, have only partially overlapping priorities and have a different sense of urgency. See matrix below for priorities.

	P3	P2	P1
Individual Tax Credit	NA	NA	P1
SHOP Tax Credit			P1
MAGI (Medicaid/CHIP) eligibility, shopping and enrollment only	P2	P1	P2
Non-Magi			P3
Other Medical			NA
Non medical	P1	P4	NA

The OIS and HIX-IT overall governance structure as stated in the Project Charter does not appear to be functioning. This process needs to be clarified, documented and made balanced and transparent for the business, and all development teams going forward.

OIS does not appear to have formal, detailed, documented, functioning, transparent technical governance or data governance committees.

The software applications are expected to be merged for the first time towards the end of the HIX-IT project. This has never been attempted within the OHA development teams to date. The technical components of the merge are known to some degree, but how the organization will approach and deal with "collides" on a business level has never been done in OHA/Cover Oregon.

OHA must produce, sync and baseline a variety of detailed schedules (HIX-IT, Modernization, Security, MDM, Environments, OPA/application business rules, SOA, Webcenter, PeopleSoft, IVR, UI, OBIE and CO) for this project to be successful.

OHA and the HIX-IT project has slipped a number of proposed deadlines to date (see scheduling section). Cover Oregon has a schedule that is highly dependent on the HIX-IT, Modernization, and OIS foundational services schedules. And vice versa.

A number of basic project processes are not fully implemented within the OIS project structure (e.g., change control, testing, common estimation methodology, common schedule methodology, common activity diagramming methodology, etc.)

The current high level CO Timeline and the more detailed MS Project Schedule do not have specific usability testing activities identified.

Risks:

- 1) With the project deadline less than 1 year away and the lack of a stable and experienced organization, development and delivery teams within OHA as well as the requirements delay within CO, the probability of missing the target date is currently an issue.

Recommendations:

- 1 CO should prepare a number of trigger points over the remaining timeline of the project to ensure that scope is continually sized to meet the target date. For example, on November 5th 2012 OHA OIS is scheduled to deliver a detailed project schedule for the remainder of the HIX-IT project. On this date, CO should have a formal review with the OHA CIO, HIX-IT, foundational services project teams and QA to understand in detail the project approach, schedule, dependencies and issues. This information can then be utilized to gauge the progress against an internal CO confidence checklist. The objective of this review should be to determine if significant components of scope should be

deferred. Each trigger point would have a different checklist depending on where the project is on the timeline. An example of a checklist for Nov 5th could be as follows:

- Can scope be locked?
- What percent of scope is outstanding?
- Are schedules for all of the project areas complete, detailed, synced, and tracked using a common methodology?
- Are all project schedules being developed with a common estimation methodology?
- Are key dependencies identified within the schedules and are they listed for the executive management to review?
- Do the schedules have any slack in them and/or does all the scope fit within the current schedule?
- Do the schedules allow for any refinement once the system is constructed?
- Do the Oracle teams agree with the schedules?
- Have Modernization and CO documented the integration points within the application for “No Wrong Door”?
- Is the data that is to be passed from each application clearly documented?
- Is HP ALM operational?
- Are the test teams on board?
- Is there a functional, technical and data governance structure that is balanced and transparent to CO in place and operational?
- Are notes and decisions from these committees clearly documented for the development teams to build from?
- Etc.

The answers to this checklist can then determine a go/no-go for the current scope. If the decision is a no-go for the current scope, CO should have a list of predefined, prioritized and agreed to scope reduction options that can be employed immediately. Scope reduction options could be looked at from a horizontal (across all CO application components) and then, if need be, from a vertical application perspective. An example of scope reduction options could be as follows:

Scope reduction examples from a horizontal perspective:

- Reduce the complexity of the current architecture.
- Defer the merge and rebaseline of code until after go live.
- Implement separate instances of Oracle components that are dependent on interagency business integration.
- Reduce the dependency on the integration with other programs by deferring the “No Wrong Door” approach.
- Implement UI wireframes using Siebel.
- Etc.

Scope reduction examples from a vertical perspective:

- 1 Defer significant portions of the PeopleSoft components and process the billing manually.
- 2 Defer electronic plan loading from the Carriers.
- 3 Defer online Medicaid eligibility, plan selection and enrollment within the Exchange and process them manually.
- 4 Etc.

Each of these options would be pre-sized so that depending on the amount estimated schedule variance or slack desired by CO an equal amount of scope can be deferred. For example, if the schedule is off by 20% and reducing the complexity of the architecture can save 20% in the schedule then this would be employed because it is prioritized high and equals the needed time savings.

The formality of this process will give CO executive management a clear understanding of the project status and enable them to pull the appropriate levers to make the project successful at a variety points in the upcoming year.

Att D: “No WrongDoor” Cooperation (Sept 2012 Finding)

Findings:

OHA/DHS and CO have a general agreement to create a “no wrong door” approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a “to-be”, future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

- Lack of a clear, detailed, integrated view of “no wrong door” will hamper a smooth implementation of this vision
- Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the “no wrong door” approach in time for the October 2013 opening the Exchange.
- Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
- Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
- Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
- Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is implemented in a timeframe and

manner that fits the vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

- The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:
 - General vision of all the leaders.
 - Scope, which identifies all the agency programs that are required to participate in the effort.
 - Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
 - Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
 - High level deliverables, such as:
 1. All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:
 1. Identification of all policy changes for each program with respect to the "no wrong door" initiative.
 2. Identification of the following information about each on-line application:
 1. General screening requirements for all programs (Medicaid, QHP, etc).
 2. Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
 3. Specific data elements that is required for each application when they are passed from another application.
 4. Identification of a common point of transfer (after screening, after application completion, etc.)
 5. Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
 3. Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
 1. Identification of the agency that will handle processing of specific applications/or portions of applications.
 2. "Warm" handoff of clients that call in and require a transfer to another agency.
 3. Identification of common staffing of support and customer service centers, if required.
 4. Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
 5. Recommendations for the content of an integrated transition plan.

- High-level schedule, including definition of “no wrong door” process flows and detailed requirements.

Att E: (Closed) Architecture Simplification (Nov 2012 Finding)

Findings:

- 1 The current architecture implementation of the ORACLE stack may not suit the operational business needs of Cover Oregon.

Background:

In the September MAXIMUS made the following statement in Attachment C of the Cover Oregon (CO) monthly report.

- Oregon Health Authority (OHA) Office Information Services (OIS) has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA have made and are currently making are as follows:
 - Assuming the role of prime contractor for the overall state development effort.
 - Deploying technology that is new to OHA.
 - Deploying an enterprise architectural vision that is new to OHA.
 - Deploying a new software development lifecycle (iterative) that is new to OHA.
 - Re-organizing the delivery model (centralized model) for IT projects within OHA.
 - Standing up new processes to support this new delivery model.
 - Merging the technology and business operations of three organizations (OHA, DHS and Cover Oregon (CO)) and attempting to develop a “no wrong door” approach.

In general, the aggregation of the above items constitutes a very high risk for the Health Insurance Exchange ability to meet its business objectives. Two of these items are borne out of an industry belief of cost savings to an organization, items 3 and 5. This document is intended to further describe these items so that all parties have clarity of the significance of the risk taken by the State.

Definitions:

Separate instance (SI) systems – is a method of implementation where each business unit has a separate and complete technology stack for each business unit.

Global Single Instance (GSI) – is a method of implementation that consolidates common lines of business into a single instance of a technology stack from top to bottom.

Enterprise Integration Architecture (EIA) – is a method of implementation that consolidates common services of a technology stack across similar lines of business and implements separate components for less common processes. For example, security would be a shared service among all business units and the CRM module may be separate instances for each of the business units.

The proposed HIX-IT architecture is a hybrid of the GSI and the SI approaches.

General Implementation Characteristics

The Global Single Instance to the Separate Instance implementation approaches have an inverse relationship with respect to efficiency and flexibility. The GSI approach has the highest degree of efficiency with respect to licenses required and staff needed to operate and maintain the system. In the GSI approach the flexibility of the businesses to make changes and release new features is considerably curtailed because multiple business lines need to be consulted and agreement must be made on priorities among those businesses. This prioritization effort is required to utilize foundational services resources most efficiently. Conversely, the Single Instance approach has the least efficiency and greatest flexibility.

Item 3: Deploying an enterprise architectural vision that is new to OHA.

Nationally, Health and Human Services organizations have a vision of a “No Wrong Door” approach to delivering benefits to their clients. The approach is borne out of the idea that costs can be reduced and services to clients can be improved at the same time. The “No Wrong Door” approach is also required in the ACA. It is important to note that this vision is not related to the system architecture; it is merely an operational vision. Many different architectural approaches can be deployed to implement the desired “No Wrong Door” vision.

OHA/DHS (OHA) OIS is deploying a combination of ORACLE products that together will make up the Oregon OHA and CO solution. The ORACLE solution is comprised of ORACLE developed products and products merged into Oracle through company acquisitions.

OHA has decided that a Global Single Instance (GSI) Architecture approach is the desired strategy for OHA. The GSI architecture implementation is defined by have a single instance for each ORACLE Component servicing all business entities (Modernization and CO) using the system. This decision was made prior to the establishment of the Health Insurance Exchange business. The IT industry, especially ORACLE, believes that this implementation has significant cost savings via reducing the amount of licenses and support staff required to deliver the solution to the businesses.

This architecture approach is typically an evolutionary approach of organizations that currently have separate instance CRM and ERP systems for each business unit. Gartner suggests, "This is the approach (single instance) that should be considered in the integrated organization where there is a high degree of dependence and commerce among units". The degree of integration, dependency and commerce between OHA and CO is primarily in the Medicaid arena. The commonality of the DHS/OHA and CO organizations is currently estimated to be 10% of total system Exchange volume.

A GSI implementation architecture is typically promoted for organizations that have existing separate instances as a way to save costs and improve efficiency for common business units. For example, a manufacturing company with multiple instance architecture (separate ERP or CRM systems) for existing business lines, will evolve to a single instance architecture when they have mature, common business units, that have common businesses processes.

Separate instance systems are often moved to a single instance over a significant period of time and in a serial process using simple pilot projects. This is due to significant business process reengineering and technical challenges and complexities involved in this effort.

OHA and CO business characteristics are different then what is mentioned above in a number of ways:

- 1 OHA and CO are separate government organizations with different business missions and goals.
- 2 CO is a public corporation and is governed by different rules and regulations then OHA.
- 3 OHA and DHS do not currently have common processes and governance structures.
- 4 CO is a newly formed entity with untested Greenfield processes.
- 5 CO and OHA have different business timelines.

OIS has also decided to implement Modernization and the Health Insurance Exchange into a single instance in a "big bang" style, i.e., OIS intends to launch the both applications simultaneously. The selection of implementation approach is a strategic decision that should be made with executive business management understanding what the technical, development, operational and maintainability risks and impacts are to the business. Forrester Research says, "that business process and applications professionals face a variety of challenges in defining the single instance and identifying an apt consolidation model and hence companies should adopt a cautious, phased consolidation strategy".

Item 5: Re-organizing the delivery model (centralized foundational services model) for IT projects within OHA.

Traditionally the development of a shared-service organization (SSO) or shared-service center (SSC) within an organization is an attempt to reduce costs and standardized processes through economies of scale and centralization. A Global Service Center Benchmark study carried out by the Shared Services & Outsourcing Network (SSON) and the Hackett Group, which surveyed more than 250 companies, found that only about a third of all participants were able to generate cost savings of 20% or greater from their SSO.

Risks:

Item 3: Deploying an enterprise architectural vision that is new to OHA.

1.) The reason for adopting the GSI architecture by OIS is primarily cost savings in licensing, operations and maintenance. However, there is no formal cost benefit analysis or return on investment models in the business case to back these assertions nor are we aware that they exist elsewhere. Without a quantifiable cost benefit analysis (CBA) or minimally a “before” and “after” analysis of the costs under both scenarios, there is insufficient data to determine that that one approach is more cost effective than the other. The lack of mature inter-agency processes and/or inter-agency planning in the following areas would seriously affect the CBA or ROI of such a business case:

- There was limited significant business process analysis and pre-planning,
- Lack of a clearly defined inter-agency “No Wrong Door” analysis. This is fundamentally the identification of a comprehensive new service delivery model.
- Lack of a common or functional governance processes,
- Limited overlap among inter-agency processes,
- Dissimilar priorities and goals among independent state agencies,
- Lack of state staff with appropriate skill sets resulting in a heavy reliance on highly paid consultants from all over the nation.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

2.) In addition to the above ROI/CBA factors, a Single Instance architecture approach also has a significant overhead or tax with regards to business operations that is not clearly articulated to the participating business entities. Each time a new business line is added or there is a change to the existing business processes, the Single Instance approach requires a feasibility analysis and/or a merge of the new code with the existing production code. The analysis and/or merge process looks for technical differences between the new and the production code. These technical differences often equate to differences in business operations. These differences or “collides” require the business units to resolve their operational differences prior to launch. Once the code is merged and launched, all of the existing businesses within the Single Instance receive a new release of code.

This process poses challenges in change management, downtime for patching and maintenance, upgradability and it increases the regression testing effort significantly. Legislative rule changes in healthcare or Medicaid over the next couple of years may result in a single business line significantly disrupting other lines of businesses each time changes or new rules are enacted.

Item 5: Re-organizing the delivery model (centralized foundational services model) for IT projects within OHA.

3.) OIS also uses cost reduction and standardization as their justification to implement foundational services organization. Again, there is no cost benefit analysis or return on investment models in the business case to back these assertions. Without a quantifiable model or a “before” and “after” analysis of the costs under both scenarios, it is dubious to believe that one approach is more cost effective than the other. For example, the following items would seriously affect the CBA or ROI of such a business case:

- 1 no detailed strategy by OIS to move the organization to this delivery model.
- 2 not documenting OIS IT processes and work streams pre-implementation,
- 3 not focusing sufficiently on the transition period,
- 4 not having a robust operational transition plan clarifying employee resources,
- 5 lack of state staff resulting in an over reliance on a significant amount of highly paid consultants from all over the nation.
- 6 not having a risk management or monitoring process in place prior to implementation,
- 7 no proven functional or technical governance processes.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

Recommendation:

1.) Implementing a new Global Single Instance Architecture and a Foundational services organization requires significant inter-agency process reengineering and a major overhaul of the OIS IT department to occur simultaneously. The simultaneous execution of these initiatives introduces a compounding effect with regards to risk. Some short term risk mitigation has occurred, for example, additional ORACLE staff is being imported from around the nation to add expertise in the executive management, PMO, project management, scheduling and development areas of the organization.

In figure 1 below, a simple implementation analysis was mapped against perceived risks based on the large initiatives set in motion by OIS. This analysis shows the three implementation approaches discussed in this document and the technology characteristics relative to the business requirements and needs that can be expected from each of the approaches.

This simple analysis concludes that the EIA implementation approach may aid in reducing risk for the projects and potentially support a more flexible business environment for Cover Oregon in the foreseeable future. This risk mitigation approach of moving to an EIA implementation will potentially require an increase in upfront and O&M costs by CO.

Figure 1.

Att F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

- 4 Individual authentication and ID proofing process
- 5 Employer authentication and ID proofing process
- 6 Medicaid authentication and ID proofing process.
- 7 Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products.

Cover Oregon Response: Because of the nature of Cover Oregon and the type of info it will be gathering and sharing (PMI), it will need to be HIPPA compliant (which includes PMI requirements), we need to make sure we are addressing those requirements in this attachment, or some other attachment.

Cover Oregon met with the state to get that process started. There is a checklist of all the things that the state feels Cover Oregon will need to address in order to meet the Federal HIPPA requirements. The Security Officer that Cover Oregon is in the process of hiring should own the completion of the processes laid out in this checklist as well as develop a timeline for completing all of the items in the above mentioned checklist then add those major milestones in Cover Oregon's project plan so there is wider visibility on the completion of those major milestones.

The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.

Cover Oregon Response: Cover Oregon has been working closely with Oracle and the State to ensure that all applications & required hardware are compliant with all security requirements

4. Validate that the implemented system has met the required assurance level.

Cover Oregon Response: The new Security Officer that Cover Oregon is in the process of hiring will conduct this, and will be part of the "timeline" referenced above.

5. Periodically reassess the information system to determine technology refresh requirements.

Cover Oregon Response: This will be part of the policies & procedures that the new Security Officer will be finalizing upon their hiring.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, "This document will assist agencies in determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This responsibility extends to electronic authentication systems." This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.

Cover Oregon Response: Cover Oregon started the process of working with the State on this assessment, and definition of ongoing policies and procedures to ensure compliance now and into the future.

The state will need to make an initial response to the Federal Government on the steps that Cover Oregon has taken and will need to take over in the coming months to comply

with all Federally mandated HIPPA and other security requirements. Various Cover Oregon resources are engaged in this effort.

Risk:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Both sides (technical and business) will state that it is too late to conduct the risk analysis. This may be true for the April 30th deadline, however, if the initial system proves to be too cumbersome to navigate during usability testing or too easy to compromise, a system retool may be necessary prior to Oct 1 launch. Without a proper risk analysis the retool runs the risk reopening the debate between technical and business groups and/or of moving the system to the other extreme.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an "Early Innovator Grant" with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.
- Federal regulations require Cover Oregon to comply with HIPPA requirements due to the PMI information CO will be gathering and sharing through the exchange. Failure to comply with these requirements could result in sizeable fines and/or shutting down the exchange

Recommendation:

- Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.

Cover Oregon Response: The state is working on this report with the support of Cover Oregon.

- (In process) Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.

Cover Oregon Response: Cover Oregon will take this into consideration

- Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.

Cover Oregon Response: Cover Oregon needs to hire a Security Officer who will ensure all required policies and procedures to meet the HIPPA requirements are completed. By working with the state, the Security Officer will validate Cover Oregon meets all HIPPA requirements prior to "go-live" and has the ongoing reviews, validations and audits required to ensure continuing compliance with those same HIPPA regulations.

Att G: Scope Management and Product delivery (Feb 2013 Finding)

Cover Oregon Response: Cover Oregon has deployed a business-driven Scope Management process that supplements original scope management work that began in August 2012. The basic process includes:

- A recurring meeting that includes a cross-organizational team of executives and decision makers.
- An information-based approach that considers mitigation opportunities through: (1) reducing/delaying scope; (2) increasing development capacity, and; (3) expanding the development timeline.
- A regular update and evaluation of scope delivery metrics that allows immediate adjustments and additional actions to be taken.

The results of this process have been positive. The team realizes that there is still considerable risk that must be managed. The following changes have occurred so far:

- Technical interfaces have been reduced from 62 to 39 -- a 37% reduction in interface scope.
- At-risk Medicaid data exchange scope has been managed through communication of a "must have" 4/1 date for completion with planned work-around by Cover Oregon if not delivered. Expectations for what will be delivered on 4/1 were clearly articulated to OHA partners.
- Less than 2 months ago, Maximus estimated that the functional scope was 5 months behind with development work (including merge and rebase; the most recent estimate is approximately 30 days.
- Foundational services scope, while still a struggle for Cover Oregon to affect within OHA/OIS, has seen progress and is now integrated into the functional scope dependencies and management process.

In addition to the work mentioned above, other practices have been deployed to expedite scope issue resolution and decision-making. A 3 x weekly "Scrum" call provides cross-functional issue resolution and tracking with the JIRA system. Most recently, a 3x weekly Development Blocker Resolution meeting was deployed and deemed successful by all involved. Cover Oregon has carefully considered the input provided by Maximus and remains open and attentive to the high quality assistance that has been provided on this project. Cover Oregon also realizes that continued focus must be applied to scope management to navigate toward a successful 10/1/2013 launch date.

Findings (at the time of writing March 10, 2013):

CO and HIX-IT has identified ~135 use cases that will need work/development in Iteration 17 (I17), slated for March 1st to May 1st. The 135 are categorized as follows:

- o 29 use cases are expected to be carried over from I16 for additional work based on dependency's to be completed in I17, i.e., interfaces, MDM, etc.

- o 24 use cases are considered updates from previous iterations.
 - o 79 use cases are considered new use cases
 - o 3 Use cases are TBD
- The CO scope strategy is to do the following:
 1. Have ORACLE give a preliminary (swag) Level of Effort (LOE), i.e. man hours for the ~135 use cases identified for Iteration 17 (I17) slated for March 1 to Apr 30th .

Cover Oregon Response:

34 use cases were carried over from I-16 work not completed not 29 use case
34 use cases are considered updates from previous iterations
67 use cases are considered new use cases

4 use cases were not labeled out of the 139 total use cases in I-17

- **Cover Oregon Response:** Oracle has provided Cover Oregon a preliminary level of effort (LOE) to provide some rough order of magnitude estimate of scope issue; more refined LOE estimates were planned and have been delivered by Oracle.
 2. As part of this process CO wants ORACLE to identify where increasing capacity (development resources) can increase the through put of use cases. Oracle has been authorized to add 21 resources by OHA.
- **Cover Oregon Response:** Oracle has received approval to onboard 29 resources. As of mid-March all but 3 resources have been on-boarded. Per Oracle, the onboarding build-up was considered in their capacity estimates that were delivered. All roles reviewed and approved by the State.
 3. CO will then make cuts based on what ORACLE says their swag LOE is and proposed capacity estimates can be for I17. Note: This still may require an additional iteration or iteration subset to complete, i.e., 1 to 2 more months; this additional iteration subset is currently being called I17a.
- **Cover Oregon Response:** Cover Oregon reviewed and modified the Oracle proposed scope management plan based on business need; Maximus has participated in the scope management meetings and was aware of this approach. It was not a one-time-only event based on initial estimates.
- Mapping the previous, current (planned) and outstanding use cases per iteration produced the following :
 - o I14 41 use cases
 - o I15 48 use cases
 - o I16 62 use cases (planned)
 - o I17 135 use cases (outstanding)

- CO currently views it's the organization as centered around two core lines of business (individual and SHOP) The CO organization is loosely organized around these vertical lines of business.
- **Cover Oregon Response:** Cover Oregon understands the various lines of "vertical" business and has organized much of their business and technical delivery by separate business lines. Maximus's opinion of how Cover Oregon views as their business is speculative and misrepresents how the project is organized and executed.

Risks:

1. Without a more vertical view of the service lines and functional components of the Exchange it will be difficult for Management to coordinate the delivery of the exchange releases and focus future development and enhancements around specific target metrics. The current cross functional management of the development, operations, delivery and marketing make it extremely challenging to ensure that all components are "linked and synced" for delivery. Typically, in the private sector, service lines/products are looked at from a vertical perspective and each vertical lines of business will have a Line Manager. The Line Manager typically "owns" the product in the sense that he/she is responsible for delivering the product from a Product Development Lifecycle (PDLC) perspective. A typical PDLC starts with conception and ends with the retirement of the product or service. For example, a typical PDLC may include conception, requirements gathering, market research, feature development, testing, delivery, upgrades, revenue and budget management, operations and maintenance, and finally product retirement. A Line Manager is typically matrix function across these functional areas to ensure that all components are properly coordinated for successful launch and operation of the service or product.

- **Cover Oregon Response:** Having a fully vertical model versus a more general model is a decision made by organizations and characterizing it as "typical" is not accurate. This model could be problematic as a new company such as Cover Oregon establishes itself. Recommending that Cover Oregon immediately integrate into a hard vertical organization structure could be disadvantageous for a company that is still constructing its initial business.

2. Without a more integrated vertical view of the Exchange, Management may be in a position whereby they can only do a wholesale push of the delivery date in some incremental fashion (week, month or iteration). Typically, these types of launch slip decisions are based on limited information and subsequent slips tend to happen.

- **Cover Oregon Response:** Cover Oregon is working toward a 10/1/2013 go-live date. This date is federally mandated for both SHOP and Individual lines of business. Unlike in other typical internal IT projects, date slippage is not an option for Cover Oregon. This hard date is a key driver in the scope management process.

Further, wholesale schedule slips may result in a throttling of marketing to the public, i.e., if the delivery date messaging has to adapt to the continued slips in the launch of the system the organization will become reticent on aggressively marketing the Exchange in the midst of negative publicity. If the organization begins to throttle the messaging it can potentially negatively affect the pre-enrollment numbers (domino affect).

3. The outstanding use cases currently out weight the previous iterations by more than twice. Continued technical analysis will produce more accuracy and precision as time passes, however, the window is limited and the longer the analysis takes the less time will be available for the business to make strategic decisions other than doing a wholesale delay of the launch.

- **Cover Oregon Response:** The Scope Management team is receiving a weekly update of user case development progress providing the Cover Oregon executive team to make quick analysis and adjustments as necessary. Cover Oregon, working with Oracle and HIX IT, is using information to guide its decisions.

4. Performance for past iterations is not relevant for the I17 iteration. For example, the previous iterations have always had the luxury of a follow on iteration. In previous iterations, issues or incomplete items could be rolled forward into the next iteration, so the complexity of the use cases that are "carryover" or "updates" will probably be increased for I17. In addition, the final iteration will require the connection of use cases to the Foundational Services components.

- **Cover Oregon Response:** Stating that something "may or may not happen" is a safe bet for anything that has not already occurred. Lessons learned from I-15 and I-16 are expected to be valuable in estimate I-17 performance. Unlike in past iterations, weekly updates to progress are provided and monitored at the scope management meetings.

5. The scope reduction strategy of trimming all service offerings (Individual, SHOP and Medicaid) of functionality equally (generally) may result the quality of the exchange experience and functionality being diminished across the entire site.

- **Cover Oregon Response:** Cover Oregon is focused on mandatory scope that delivers a solid user experience. Cover Oregon has also begun its "Version 1.x" and "Version 2.0" and beyond process to begin developing its post 10/1 product implementation strategy.

6. The current scope management strategy being employed is a technical based approach which leads with technology and capacity instead of a business based approach. Having one without the other is an incomplete risk assessment process. This strategy is considered back loaded because the hard business decisions are to be made once the technical analysis is available, i.e., toward the end of the final iteration.

- **Cover Oregon Response:** Cover Oregon is driving the Scope Management process while including Oracle and HIX-IT/OHA in the discussion to best understand the impact of its

decision. Based on this information, Oracle provided a straw man proposal that Cover Oregon modified to best fit its business need.

7. The current scope management strategy does not take into account the work that is currently happening in operations and how operations will need to adjust to any significant last minute changes in scope. Operations will have to react to the late scope deferment decision, which may happen after they have resourced and planned their processes. They (Operations) will have to potentially re-resource and re-plan just prior to their training.

- **Cover Oregon Response:** The scope management team includes the Cover Oregon Chief Operating Officer. The Operations team is made aware of scope issues on a weekly basis at the Matrix team meetings. Based on best-known information, the CCO makes needed decisions with full input to the Scope Management team.

8. Detailed LOE estimates will be difficult until late in the iteration. Most likely, Oracle will find the average LOE from the previous iterations for use cases and apply them to all use cases in I17 for the initial swag estimate. This swag will provide some information, however, it will not be as precise as CO would like and may lead CO to falsely assume that all work can be accomplished.

- **Cover Oregon Response:** Based on review of delivered use cases and UI, Oracle delivered revised LOE and Capacity estimates to Cover Oregon on Tuesday, March 12, versus late in the iteration as suggested by Maximus.

9. In addition to the above, CO has only asked ORACLE HIX-IT development team for LOE and not OHA/OIS Foundational Services. So the LOE that will be given will be void of important dependency information. OHA Foundational Services is a significant risk factor given the lack of transparency, schedule and communications from these groups.

- **Cover Oregon Response:** LOE and Capacity estimated from Foundational Services (FS) are not available at this time due to the lack of information available within this scope area that resides within OIS/OHA. FS was invited to participate as part of the scope management team and CO scope management will encourage delivery of its LOC and Capacity as soon as it is available.

10. The capacity increase provided by ORACLE will also take time, for example it will most likely take 30 days to have resources on the ground from when an authorization is approved. It will also take the resource once on the ground, a minimum of a week to get up to speed. This would mean that the new resource would then only be effective for 6 of the 8 weeks of I17.

- **Cover Oregon Response:** Oracle received approval to onboard 29 additional resources. Onboarding began in February with the majority of the resources on-boarded by the week of March 25th. Per Oracle, the onboarding build up process was considered in the capacity estimates it delivered to Cover Oregon.

11. OHA business is a dependency for a significant portion of the CO Medicaid business line. The assumption is that keeping Medicaid in scope for Release 1 with scope reductions on all of the business line (Individual and SHOP) that CO will get the Medicaid piece. The risk with this logic is that the CO Medicaid business line is fully dependent on OHA Medicaid business and IT which have a different delivery schedule.

- **Cover Oregon Response:** Cover Oregon sent an email to the OHA Director stating its concern with lack of progress on the Medicaid scope delivery. Since that letter was sent, a meeting occurred that outlined a Cover Oregon acceptable solution that is on track for delivery by 4/1. Cover Oregon confirmed that it can go live on 10/1/2013 with the interim solution with little quality risk.

12. Reliance on an additional iteration (I17a) to be "squeezed" in for the Oct 1 is problematic. Development delivered past the I17 (April 30th) deadline will begin to encroach on a reduced (tight) testing period for the Exchange. Trying to include another iteration (I17a) for the Oct 1 release is risky given the already compressed testing window. Employing this type of strategy with immature organizations (CO and OHA) is very risky. This type of uncertainty of the final operational environment can negatively affect operations, training, marketing, and deployment schedules, further increasing the risk for a low quality launch.

- **Cover Oregon Response:** Cover Oregon, with input from the scope management team, is managing this period carefully and prioritizing work in this area.

13. Deferring scope and finalizing development in I17 will still leave the schedule tight. It is considered a high risk to plan tight timeframes with such immature organizations. Without ample slack in the schedule, CO may have to continually adjust their messaging and communications to update their final progress when deadlines slip.

Cover Oregon Response: As is discussed daily on the project, the schedule is very tight and risky. Even with finalizing development by 4/30, there is still overlap between SIT, UAT and Performance testing. CO is confused by any mention of "ample slack" in the schedule since the 10/1/2013 date has been seen as overly aggressive and unreasonable for an extended period. The highly aggressive schedule has been recognized by the LFO and reported by the LFO to the Legislature as unreasonable. CO is managing scope to implement its mandates and mitigating risks when possible.

14. The system will be available for end-to-end viewing with the security enabled for the first time at the end of I17 as the testing phase begins (May 1). This first view of the complete system will most likely need significant tweaks and potentially, substantial rework. The developers will be focused on these items for quick turnaround. Including a I17a Iteration with the expectation it will be released on Oct 1 will further exacerbate this stressful and compressed schedule.

- **Cover Oregon Response:** The Oracle development team has been increased for additional work. This capacity increase accounts for development staff to work defects that are uncovered during testing.

Recommendations:

1. As the Organization matures CO should consider further vertical integration of the Exchange Lines of Business (LOB) by establishing Line Managers that are responsible for the PDLC for their respective areas, roadmap prioritization and meeting target metrics and business objectives.

This deeper vertical view of the exchange will also assist with product and feature prioritization for subsequent releases of the Exchange and .

- **Cover Oregon Response:** Cover Oregon will take this recommendation into consideration given the feedback provided above.

2. Using a business risk based approach coupled with an LoB view of the Exchange, alternate or enhanced strategy's for scope reduction can be developed. Example risk factors could be:

- Legal compliance
- Political (National and State)
- Business priorities (Individual, SHOP, Medicaid, Agents, Community Partners)
- Quality (Overall, Individual, SHOP, Medicaid, Customer Service)
- Enrollment Numbers (Individual v. SHOP v. Medicaid)
- Priorities within the business line and Customer Service
- Dependencies (OHA, Foundational services, Carriers, etc.)

a). A test can then be set up by the business to aid in strategic decision making, in parallel to the LOE estimates being created by ORACLE. As an example each business line (Individual, SHOP and Medicaid) and functional areas (Community Partners, Agents, Customer Service) can run through a simple priority test to determine their ranking relative to each other.

1. Does CO think this line of business or functional component to be a CORE compliance item for Oct 1st? (worst to best rating 1,2,3 etc) An example of this would be payment. Is payment required to be delivered in the pre-enrollment period?
2. Does CO think they can weather the political implications of not deploying this line of business or functional component in an automated fashion on Oct 1 nationally? (worst to best rating 1,2,3 etc)
3. Can CO weather the political implications of not deploying this line of business or functional component in an automated fashion on Oct 1 on a state level? (worst to best rating 1,2,3 etc)
4. Does CO deem this line of business or functional component a core automated component of the exchange (Business priorities)? This can be weighted by any number

of metrics, for example, revenue, mission, enrollment, etc. and each can be assigned a priority 1,2, 3, 4, etc.

5. Is this line of business or functional component dependent on areas or groups outside of the control of CO? (least to most rating 1,2,3 etc)

In the above example, items with the lower scores would be the highest priority business lines and functional components.

Note: one way to make this analysis extremely effective is to not allow any answer to be rated the same across the lines of business or functional components. For example, in question 1, none of the lines of business can have the same rating, i.e. 3 lines of business, 3 distinct rating values (1,2 and 3). This "rack and stack" methodology is difficult to do, but can give a very clear and sometimes a surprising picture of the business priorities. In addition, the teams should be encouraged to challenge any and all assumptions in the process. Typically, doing this will provide new insight and thinking on how problems are perceived and dealt with.

b). Once the lines of business or functional components are prioritized, an analysis can be made within each line of business of the key functionality in a similar manner.

This information can then be matched against development capacity and be used to plan what functionality should be made manual (workaround) until an automated solution is available or deferred until a later date. See figure 1. for a rudimentary feature release product plan.

- **Cover Oregon Response:** Cover Oregon will take this recommendation into consideration given its feedback noted above.

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Sorted by Line of Business (LOB)

LOB		Browse	Select	Medicaid Check	Medicaid Eligible	Medicaid Enrollment	Submit application	Payment	Security	Financial	Customer Service	Community Partner	Agent\ Broker	17 30-Apr	Rel 1 1-Sep	18 30-May	Rel 2 1-Oct	19 30-Jun	Rel 3 1-Nov	20 30-Jul	Rel 4 1-Dec	21 1-Aug	Rel 5 1-Jan
LOB 1	Individual No TC																						
	Individual No TC																						
	Individual TC																						
	Individual TC																						
	Individual TC																						
LOB 2	Shop No TC																						
	Shop No TC																						
LOB 3	Individual Medicaid																						
	Individual Medicaid																						
		Automated																					
		Contingency Plan																					
		Development iteration																					
		Corresponding Release																					
Sorted by Release Date																							
LOB		Browse	Select	Medicaid Check	Medicaid Eligible	Medicaid Enrollment	Submit application	Payment	Security	Financial	Customer Service	Community Partner	Agent\ Broker	17 30-Apr	Rel 1 1-Sep	18 30-May	Rel 2 1-Oct	19 30-Jun	Rel 3 1-Nov	20 30-Jul	Rel 4 1-Dec	21 1-Aug	Rel 5 1-Jan
LoB 1	Individual No TC																						
LoB 2	Shop No TC																						
LoB 1	Individual TC																						
LoB 1	Individual TC																						
LoB 1	Individual No TC																						
LoB 1	Individual TC																						
LoB 2	Shop No TC																						
LoB 3	Individual Medicaid																						
LoB 3	Individual Medicaid																						
		Automated																					
		Contingency Plan																					
		Development iteration																					
		Corresponding Release																					

3. For all functionality that is not under the control of CO, a contingency plan and trigger date should be established. For example, the CMS hub interface for user identity validation is not fully defined and does not have a delivery date from CMS. CO should identify the last point in time this interface can be reasonably delivered for inclusion into the Oct 1st release.

- **Cover Oregon Response:** Cover Oregon will consider this recommendation.

4. There will be more than 17 iterations in the life of the Exchange. However, not all iterations will be directly linked to the Oct 1 release date for all LoB's. Typically, in mature and disciplined organizations, a single iteration or groups of iterations are assigned to a specific release. For example, in the case of the Exchange, iteration 17 would be linked to the first release of the Exchange (Oct 1). A follow on iteration (18) could be linked to the next release in either Nov or Dec. Then iteration 19 could be linked to the next release in Jan or Feb of 2014, etc. This cycle is expected and to halt development on iteration 17 and or to create a 17a for inclusion in the Oct 1st release is unrealistic, confusing and counter-productive.

- **Cover Oregon Response:** See feedback provided above by Cover Oregon. Cover Oregon is currently building a process for future minor and major production releases.



**Oregon Health Insurance Exchange Corporation
(ORHIX) / Cover Oregon (CO)
Monthly Quality Status Report**

April 2013

Deliverable #2.3.j

FINAL

Dated: June 5th, 2013

TABLE OF CONTENTS

SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

- 1 **Initial Risk Assessment** - identification of initial risks facing CO
- 2 **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
- 3 **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of March, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon. The IT project is currently being transitioned to CO.

SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while 11 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall high (red) risk assessment. The Quality Rating Category of "Testing" was also elevated from yellow to red during this period.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and is dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of March, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex and evolving landscape.
- CO has signed ORACLE contracts and expects to take over a significant portion of the development of the Exchange. The contracts take effect in May.
- CO/OHA/ and DHS are continuing to meet and work through the business processes and decisions. Progress is slow but moving in the right direction.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Quality Rating Category	QA Risk Level	Priority QA Recommendations	CO Risk Level	CO Response
OVERALL HEALTH		<ul style="list-style-type: none"> See below for specific priority recommendations. Continue to review, update, and track all outstanding quality risks and recommendations. 		<ul style="list-style-type: none"> Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	Low	<ul style="list-style-type: none"> CO is creating a system Launch plan. This effort is intended to synchronize the development, business operations and marketing efforts for the initial launch. MAXIMUS recommends that CO formally articulate the dates with OHA and DHS business units as to when the window for automation and operational changes will be closed for this release with respect to Medicaid. 	Low	<ul style="list-style-type: none"> Agree Agree – We have already done this.
Roadmap	Med	<ul style="list-style-type: none"> The roadmap for the first release will be in flux until scope sizing is completed. This work is expected to continue into the final iteration. 	Med	<ul style="list-style-type: none"> Cover Oregon agrees with finding. The list of open issue is shrinking rapidly.
Scope		<ul style="list-style-type: none"> See attachment C and G. The Scope for the first release will be in flux until scope sizing and dependency identification and prioritization is complete. CO should establish formal trigger points and hold to these dates for OHA Medicaid system development and business units. 		<ul style="list-style-type: none"> See previous month's response. Agree Agree – Cover Oregon has established dates and communicated them.
Schedule		<ul style="list-style-type: none"> Develop and publish schedule variance reports for all three schedule components (HIX-IT, FS and CO). Continue working towards a integrated and resource loaded schedule for HIX-IT and OIS foundational services. Continue to identify project dependencies and critical paths. 		<ul style="list-style-type: none"> Cover Oregon will consider this recommendation balanced with resources priority and focus with other control processes and estimation methods currently in place. Cover Oregon has continued to further refine our integrated project plan, which includes adding resource loading. Cover Oregon is continuing to employ the schedule management process to identify dependencies and critical path.
Budget	Med	<ul style="list-style-type: none"> CO will be transitioning the budget from OHA OIS over the next month. More information will be requested by MAXIMUS after the transition 	Med	<ul style="list-style-type: none"> There is no transition of budget as they are two separate grants.

Oregon HIX Corporation (ORHIX) Cover Oregon (CO)
Monthly Quality Status Report: April 2013

Table 2: QA Risk Level Tracking

Quality Rating Category	June '12	July '12	Aug '12	Sept '12	Oct '12	Nov '12	Dec '12	Jan '13	Feb '13	Mar '13	Apr '13
OVERALL HEALTH											
Business Mission and Goals				M	M	M	M	M	M	M	
Roadmap			M	M	M	M	M	M	M	M	M
Scope											
Schedule											
Budget	M	M	M	M	M	M	M	M	M	M	M
Funding	M	M	M	M	M	M	M				
Board Governance	M	M	M	M							
Inter-Org Coordination											
Organizational Management	M	M	M	M	M						
Human Resources	M	M	M	M	M	M	M	M	M	M	M
Stakeholder Management	M	M									
Communication	M	M	M	M	M						M
Project Management				M	M	M	M	M	M	M	
Contract Management	M	M	M	M	M	M	M	M	M	M	
Product Content	M										
Testing				M	M	M	M	M			

SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of March, 2013.

Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

Table 3: Detailed Quality Standards Scorecard

Quality Rating Category	Mar 2013	Apr 2013	Risk Assessment Finding, Risks, and Recommendations
Business Mission and Goals (BMG)	Med	Low	<p>Findings During Period:</p> <ul style="list-style-type: none"> CO is creating a Business Operations Plan now referred to as the Launch Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. A draft outline of the Business Operations Plan was completed in Feb and is being utilized as a source for the Launch Plan The business mission and goals between OHA OIS and CO are not fully aligned with respect to Medicaid. Work is being done in this area and progress is being made, however, the cultures and timelines are different. CO has formally notified OHA OIS of their expectations, trigger events and dates they will use to determine if a contingency plan must be implemented for the Oct 1st release. <p>Risks:</p> <ol style="list-style-type: none"> Closed Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid. Without a detailed launch plan, coordination of IT, OPS and Marketing may not be in full alignment for the launch window. <p>Recommendations:</p> <ol style="list-style-type: none"> Closed. Closed. (In process) Utilize updated business market data, potentially from Wakely Group and other states for Medicaid enrollee projections. Use this to enhance the Business Plan document with more detailed analysis. (In process) Update the detailed business model for the Exchange. Document in detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. This information should be appended to the updated Business Plan. This plan should include Medicaid "take rates" for the electronic exchange, as well as references to source materials. Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan. Closed. Closed. Closed. Closed.
Roadmap (RM)	Med	Med	<p>Findings During Period:</p> <ul style="list-style-type: none"> A general road map has been defined that goes until 2016. Currently there is no process for determining what features are considered priority for future releases. The roadmap for the first release will be in flux until all dependencies and development efforts are sized. Scope sizing is expected to be completed for the Oct 2013 through the early part of May. <p>Risks:</p> <ol style="list-style-type: none"> Without a clear, comprehensive, and authoritative description of the Exchange roadmap, the project will

SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	<p>The Go-Live Launch team has been established and the plan is being developed. Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon policy and business operations is vital to planning operational procedures for Medicaid processing. Cover Oregon is working closely with OHA to clarify dates and expectations. OHA and Cover Oregon leadership are working together to resolve the Medicaid scope issue. OHA, DHS and Cover Oregon staff have been working together on multiple “work streams” related to Medicaid processing, with decisions coming out of those meetings and being approved by OHA, DHS and Cover Oregon leadership authorized to finalize and sign off on these decisions.</p> <p>The launch plan is being developed to ensure successful day 1 (10/1/13) operation.</p>
Roadmap	The current road map outlines the products, services and functionality that will be delivered in Version 1.0 of the exchange. A cross-functional team is compiling and prioritizing products and services for post-1.0 upgrades in 2014, Version 2.0 and beyond. This work is based on a formal process for determining priority functionality and scope.
Scope	Cover Oregon has specifically responded to attachment “G” in the body of in our response to the February report. Cover Oregon continues to work with OHA leadership and OIS to communicate expectations and resolve outstanding issues. Remaining open scope issues are being resolved through the change management and development “blocker” resolution processes.
Schedule	Cover Oregon continues to build and update a comprehensive schedule as is outlined in the organization’s schedule management process. New discovery will occur but Cover Oregon and HIX-IT have established adequate controls. Cover Oregon is also working closely with OHA to identify and mitigate project dependencies.
Budget	In March, Cover Oregon re-allocated funds based on the shift to a separate Oracle instance. Funds already allocated to IT were moved, so that they would fund contracts directly rather than support OHA’s contracts. Cover Oregon signed contracts and is working with OHA to best forecast ongoing maintenance and operational costs given this move.
Funding	In February 2013, Cover Oregon received Federal approval of its \$226 million Level 2 funding request. Approximately \$90 Million is for IT.
Board Governance	MAXIMUS correctly notes that the Executive Director and staff routinely meet with the Board and its finance committee, providing members with a variety of informational documents.
Inter-Org Coordination	Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to planning the operations for Medicaid processing. Cover Oregon has formally provided specific due dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. In March and

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	April, Cover Oregon worked closely with OHA leadership to resolve outstanding issues.
Organizational Management	Cover Oregon agrees that the organization is growing at a very quick pace. The organization and its staff are adapting and managing to change.
Human Resources	The current staffing strategy includes a mix of CO and contracted staff and takes into account the need to support the entire technology infrastructure - including new development and operations and maintenance. The scope of the staffing strategy takes into account the need to manage from the hardware to application configuration and management.
Stakeholder Management	Cover Oregon continues its proactive outreach and stakeholder communication efforts.
Communications	The marketing and communications teams are preparing for any changes in initial launch so that expectations can be set with stakeholders and consumers, and marketing materials are appropriate to the situation.
Project Management	Cover Oregon agrees that scope and schedule must be managed very closely through final development; Cover Oregon has made significant progress in reviewing and integrating with the HIX-IT project/product planning artifacts.
Contract Management	Cover Oregon utilizes a Work Breakdown Structure (WBS) to identify activities to be completed on the way to Day 1 of open enrollment. Tasks that are assigned to contractors have been identified and are being tracked, as are other resources.
Product Content	Cover Oregon is working with HIX IT and OHA leadership to manage content and is escalating issues as they arise. Much progress has been made to nail down security and operational processes. Cover Oregon is actively managing the product content through the Foundational Services summit meetings, which include OIS leadership and project management staff. Scope management is ongoing and based on an established process between Cover Oregon leadership, Oracle and HIX IT PM. Cover Oregon has implemented a framework that balanced usability with security – CMS endorsed. The Cover Oregon Scope management process is already in place. Cover Oregon has mitigated risk and no wrong door through summits, leadership assessments and scope management.
Testing	Cover Oregon continues to aggressively manage scope and schedule with a comprehensive test plan strategy to guide testing activities across the organization and to integrate with HIT-IT testing processes. Cover Oregon is mitigating testing progress issues by working closely with the test manager. Cover Oregon has a management process to manage risks associated with concurrent test and development work. Cover Oregon recognizes that an additional iteration is required. Development has been sequenced to allow for back office configuration while customer-facing technology is tested. Cover Oregon will ensure any overlap is tightly managed and will coordinate testing using a risk-based approach. This will ensure the highest level of product quality in priority areas.

SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminient Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

Att A: Detailed Security Concerns (July 2012 Findings)

Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
 - o Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
 - o Identity proofing approach is currently unclear. Identity proofing is required to provide assurance of non-repudiation. Identity proofing of some form will be required by the Exchange due to the nature of the environment.
 - o Identity proofing is currently at the individual level only. It is unclear how an employer, broker, employee, etc., will be proofed in the system for their specialized role.
 - o Internal staff roles in the system are not defined.
 - o External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Identity proofing can be costly and can have a customer usability impact. If the ID proofing is considered to be too cumbersome by the public it can affect the use of the Exchange by the general public.
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.
6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

Recommendations:

- 1 Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.

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- 2 Identity proofing: Cover Oregon should understand the requirements from CMS, IRS, etc with regards to what level of ID proofing is required prior to developing the IDM strategy. For more on Federal ID proofing levels please refer to NIST 800-63.
- 3 Identity proofing: Identity proofing techniques are both a Business and a IT decision. Cover Oregon will ultimately need to bear the risk that the selected approach poses (legal and user acceptance). Cover Oregon should take an active role in deciding and vetting the approach with the IRS, State DOJ and potential customers of the Exchange. Again, this is the front door to the Exchange access as should be a balance between business efficiency (customer acceptance) and security.
- 4 Identity Proofing/verification: There may be multiple layers of Identity proofing/verification required. Some users may need to provide proof as an individual only, Broker, and / or employer/employee. Cover Oregon should clearly define the requirements to HIX-IT and expect HIX-IT to create a detailed design document for ID and account management that is vetted with Cover Oregon.
- 5 Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.
- 6 External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.
- 7 Much greater emphasis should be placed on defining the IDM strategy for Cover Oregon.
- 8 Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.
- 9 Closed
- 10 Where possible, full mock-ups or prototyping of the Identity proofing and external self-administered roles should be made available to the business to determine the usability impact to the customer experience prior to implementation. This determination should use market research and data to fully justify the decisions made.

Att B: Detailed Tracking and Reporting (Aug 2012 Finding)

Finding:

- The full scope of the HIX-IT development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
 - o There are a number of areas that need developed, including:
 - Use cases (general configuration of HIX-IT Components)
 - Interfaces to external IT Systems (approximately 60)
 - User Interface
 - Oracle Policy Automation rule development
 - Security
 - Content Management
 - Data classification and segmentation
 - Rework and refinement
 - o Currently the CO Project Management is reporting the state of the 200+ use case work packages as a method of tracking project progress to Cover Oregon Management. While this is important, it only represents a portion of the overall IT development work. For example, current use case iterations being reported on may only comprise 45% of the overall IT work.
 - o The current use cases that have been developed in iterations 9 through 12 are reported as "completed". According to the HIX-IT Product Planning document they are still rated as "blue" or incomplete due to the additional items identified above.

Risks:

1. Measuring Exchange Development progress via the number of use cases only will cause incorrect expectation setting and confusion on the part of Cover Oregon over the coming months.
2. Calling use cases "complete" is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.

Recommendations:

- 1 Cover Oregon should work with HIX-IT Program Management to establish a more comprehensive methodology for estimating the level of effort required for the major components of the project.
- 2 The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.
- 3 Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress.
- 4 The development areas and metrics identified above should be reported to Cover Oregon's management monthly basis at a minimum.

Att C: Contingency Planning (Sept 2012 Finding)

Findings:

OHA OIS has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA has made and/or is currently making include:

- 1 Assuming the role of prime contractor for the overall state development effort.
- 2 Deploying technology that is largely new to OHA.
- 3 Deploying an integrated enterprise architectural vision that is largely new to OHA.
- 4 Deploying a new software development lifecycle (iterative) that is new to OHA.
- 5 Re-organizing the delivery model (centralized model) for IT projects within OHA.
- 6 Standing up new processes to support this new delivery model.
- 7 Merging the technology and business operations of three organizations (OHA, DHS and CO) and attempting to develop a "no wrong door" approach (see attachment D).

Furthermore, OIS does not have experience in estimating level of effort within the HIX-IT project team or within OIS foundational services team using a common estimation methodology. It may take several iterations to sync the methodologies when they are stood up.

A risk was raised by the Oracle development team regarding the use of a single instance of WebCenter for development. Oracle recommended that separate instances be used as the planning and coordination issues are considerable and likely will slow development. It is our understanding that a decision has been made by OIS foundational services (no written decision has been made available) to use a single instance.

Application and architecture decisions require Modernization agreement prior to implementation. The projects are on different timelines, have only partially overlapping priorities and have a different sense of urgency. See matrix below for priorities.

	P3	P2	P1
Individual Tax Credit	NA	NA	P1
SHOP Tax Credit			P1
MAGI (Medicaid/CHIP) eligibility, shopping and enrollment only	P2	P1	P2
Non-Magi			P3
Other Medical			NA
Non medical	P1	P4	NA

The OIS and HIX-IT overall governance structure as stated in the Project Charter does not appear to be functioning. This process needs to be clarified, documented and made balanced and transparent for the business, and all development teams going forward.

OIS does not appear to have formal, detailed, documented, functioning, transparent technical governance or data governance committees.

The software applications are expected to be merged for the first time towards the end of the HIX-IT project. This has never been attempted within the OHA development teams to date. The technical components of the merge are known to some degree, but how the organization will approach and deal with "collides" on a business level has never been done in OHA/Cover Oregon.

OHA must produce, sync and baseline a variety of detailed schedules (HIX-IT, Modernization, Security, MDM, Environments, OPA/application business rules, SOA, Webcenter, PeopleSoft, IVR, UI, OBIE and CO) for this project to be successful.

OHA and the HIX-IT project has slipped a number of proposed deadlines to date (see scheduling section). Cover Oregon has a schedule that is highly dependent on the HIX-IT, Modernization, and OIS foundational services schedules. And vice versa.

A number of basic project processes are not fully implemented within the OIS project structure (e.g., change control, testing, common estimation methodology, common schedule methodology, common activity diagramming methodology, etc.)

The current high level CO Timeline and the more detailed MS Project Schedule do not have specific usability testing activities identified.

Risks:

- 1) With the project deadline less than 1 year away and the lack of a stable and experienced organization, development and delivery teams within OHA as well as the requirements delay within CO, the probability of missing the target date is currently an issue.

Recommendations:

- 1 CO should prepare a number of trigger points over the remaining timeline of the project to ensure that scope is continually sized to meet the target date. For example, on November 5th 2012 OHA OIS is scheduled to deliver a detailed project schedule for the remainder of the HIX-IT project. On this date, CO should have a formal review with the OHA CIO, HIX-IT, foundational services project teams and QA to understand in detail the project approach, schedule, dependencies and issues. This information can then be utilized to gauge the progress against an internal CO confidence checklist. The objective of this review should be to determine if significant components of scope should be

deferred. Each trigger point would have a different checklist depending on where the project is on the timeline. An example of a checklist for Nov 5th could be as follows:

- Can scope be locked?
- What percent of scope is outstanding?
- Are schedules for all of the project areas complete, detailed, synced, and tracked using a common methodology?
- Are all project schedules being developed with a common estimation methodology?
- Are key dependencies identified within the schedules and are they listed for the executive management to review?
- Do the schedules have any slack in them and/or does all the scope fit within the current schedule?
- Do the schedules allow for any refinement once the system is constructed?
- Do the Oracle teams agree with the schedules?
- Have Modernization and CO documented the integration points within the application for “No Wrong Door”?
- Is the data that is to be passed from each application clearly documented?
- Is HP ALM operational?
- Are the test teams on board?
- Is there a functional, technical and data governance structure that is balanced and transparent to CO in place and operational?
- Are notes and decisions from these committees clearly documented for the development teams to build from?
- Etc.

The answers to this checklist can then determine a go/no-go for the current scope. If the decision is a no-go for the current scope, CO should have a list of predefined, prioritized and agreed to scope reduction options that can be employed immediately. Scope reduction options could be looked at from a horizontal (across all CO application components) and then, if need be, from a vertical application perspective. An example of scope reduction options could be as follows:

Scope reduction examples from a horizontal perspective:

- Reduce the complexity of the current architecture.
- Defer the merge and rebaseline of code until after go live.
- Implement separate instances of Oracle components that are dependent on interagency business integration.
- Reduce the dependency on the integration with other programs by deferring the “No Wrong Door” approach.
- Implement UI wireframes using Siebel.
- Etc.

Scope reduction examples from a vertical perspective:

- 1 Defer significant portions of the PeopleSoft components and process the billing manually.
- 2 Defer electronic plan loading from the Carriers.
- 3 Defer online Medicaid eligibility, plan selection and enrollment within the Exchange and process them manually.
- 4 Etc.

Each of these options would be pre-sized so that depending on the amount estimated schedule variance or slack desired by CO an equal amount of scope can be deferred. For example, if the schedule is off by 20% and reducing the complexity of the architecture can save 20% in the schedule then this would be employed because it is prioritized high and equals the needed time savings.

The formality of this process will give CO executive management a clear understanding of the project status and enable them to pull the appropriate levers to make the project successful at a variety points in the upcoming year.

Att D: “No WrongDoor” Cooperation (Sept 2012 Finding)

Findings:

OHA/DHS and CO have a general agreement to create a “no wrong door” approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a “to-be”, future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

- Lack of a clear, detailed, integrated view of “no wrong door” will hamper a smooth implementation of this vision
- Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the “no wrong door” approach in time for the October 2013 opening the Exchange.
- Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
- Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
- Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
- Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is implemented in a timeframe and

manner that fits the vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

- The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:
 - General vision of all the leaders.
 - Scope, which identifies all the agency programs that are required to participate in the effort.
 - Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
 - Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
 - High level deliverables, such as:
 1. All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:
 1. Identification of all policy changes for each program with respect to the "no wrong door" initiative.
 2. Identification of the following information about each on-line application:
 1. General screening requirements for all programs (Medicaid, QHP, etc).
 2. Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
 3. Specific data elements that is required for each application when they are passed from another application.
 4. Identification of a common point of transfer (after screening, after application completion, etc.)
 5. Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
 3. Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
 1. Identification of the agency that will handle processing of specific applications/or portions of applications.
 2. "Warm" handoff of clients that call in and require a transfer to another agency.
 3. Identification of common staffing of support and customer service centers, if required.
 4. Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
 5. Recommendations for the content of an integrated transition plan.

- High-level schedule, including definition of “no wrong door” process flows and detailed requirements.

Att E: (Closed) Architecture Simplification (Nov 2012 Finding)

Findings:

- 1 The current architecture implementation of the ORACLE stack may not suit the operational business needs of Cover Oregon.

Background:

In the September MAXIMUS made the following statement in Attachment C of the Cover Oregon (CO) monthly report.

- Oregon Health Authority (OHA) Office Information Services (OIS) has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA have made and are currently making are as follows:
 - Assuming the role of prime contractor for the overall state development effort.
 - Deploying technology that is new to OHA.
 - Deploying an enterprise architectural vision that is new to OHA.
 - Deploying a new software development lifecycle (iterative) that is new to OHA.
 - Re-organizing the delivery model (centralized model) for IT projects within OHA.
 - Standing up new processes to support this new delivery model.
 - Merging the technology and business operations of three organizations (OHA, DHS and Cover Oregon (CO)) and attempting to develop a “no wrong door” approach.

In general, the aggregation of the above items constitutes a very high risk for the Health Insurance Exchange ability to meet its business objectives. Two of these items are borne out of an industry belief of cost savings to an organization, items 3 and 5. This document is intended to further describe these items so that all parties have clarity of the significance of the risk taken by the State.

Definitions:

Separate instance (SI) systems – is a method of implementation where each business unit has a separate and complete technology stack for each business unit.

Global Single Instance (GSI) – is a method of implementation that consolidates common lines of business into a single instance of a technology stack from top to bottom.

Enterprise Integration Architecture (EIA) – is a method of implementation that consolidates common services of a technology stack across similar lines of business and implements separate components for less common processes. For example, security would be a shared service among all business units and the CRM module may be separate instances for each of the business units.

The proposed HIX-IT architecture is a hybrid of the GSI and the SI approaches.

General Implementation Characteristics

The Global Single Instance to the Separate Instance implementation approaches have an inverse relationship with respect to efficiency and flexibility. The GSI approach has the highest degree of efficiency with respect to licenses required and staff needed to operate and maintain the system. In the GSI approach the flexibility of the businesses to make changes and release new features is considerably curtailed because multiple business lines need to be consulted and agreement must be made on priorities among those businesses. This prioritization effort is required to utilize foundational services resources most efficiently. Conversely, the Single Instance approach has the least efficiency and greatest flexibility.

Item 3: Deploying an enterprise architectural vision that is new to OHA.

Nationally, Health and Human Services organizations have a vision of a “No Wrong Door” approach to delivering benefits to their clients. The approach is borne out of the idea that costs can be reduced and services to clients can be improved at the same time. The “No Wrong Door” approach is also required in the ACA. It is important to note that this vision is not related to the system architecture; it is merely an operational vision. Many different architectural approaches can be deployed to implement the desired “No Wrong Door” vision.

OHA/DHS (OHA) OIS is deploying a combination of ORACLE products that together will make up the Oregon OHA and CO solution. The ORACLE solution is comprised of ORACLE developed products and products merged into Oracle through company acquisitions.

OHA has decided that a Global Single Instance (GSI) Architecture approach is the desired strategy for OHA. The GSI architecture implementation is defined by have a single instance for each ORACLE Component servicing all business entities (Modernization and CO) using the system. This decision was made prior to the establishment of the Health Insurance Exchange business. The IT industry, especially ORACLE, believes that this implementation has significant cost savings via reducing the amount of licenses and support staff required to deliver the solution to the businesses.

This architecture approach is typically an evolutionary approach of organizations that currently have separate instance CRM and ERP systems for each business unit. Gartner suggests, "This is the approach (single instance) that should be considered in the integrated organization where there is a high degree of dependence and commerce among units". The degree of integration, dependency and commerce between OHA and CO is primarily in the Medicaid arena. The commonality of the DHS/OHA and CO organizations is currently estimated to be 10% of total system Exchange volume.

A GSI implementation architecture is typically promoted for organizations that have existing separate instances as a way to save costs and improve efficiency for common business units. For example, a manufacturing company with multiple instance architecture (separate ERP or CRM systems) for existing business lines, will evolve to a single instance architecture when they have mature, common business units, that have common businesses processes.

Separate instance systems are often moved to a single instance over a significant period of time and in a serial process using simple pilot projects. This is due to significant business process reengineering and technical challenges and complexities involved in this effort.

OHA and CO business characteristics are different then what is mentioned above in a number of ways:

- 1 OHA and CO are separate government organizations with different business missions and goals.
- 2 CO is a public corporation and is governed by different rules and regulations then OHA.
- 3 OHA and DHS do not currently have common processes and governance structures.
- 4 CO is a newly formed entity with untested Greenfield processes.
- 5 CO and OHA have different business timelines.

OIS has also decided to implement Modernization and the Health Insurance Exchange into a single instance in a "big bang" style, i.e., OIS intends to launch the both applications simultaneously. The selection of implementation approach is a strategic decision that should be made with executive business management understanding what the technical, development, operational and maintainability risks and impacts are to the business. Forrester Research says, "that business process and applications professionals face a variety of challenges in defining the single instance and identifying an apt consolidation model and hence companies should adopt a cautious, phased consolidation strategy".

Item 5: Re-organizing the delivery model (centralized foundational services model) for IT projects within OHA.

Traditionally the development of a shared-service organization (SSO) or shared-service center (SSC) within an organization is an attempt to reduce costs and standardized processes through economies of scale and centralization. A Global Service Center Benchmark study carried out by the Shared Services & Outsourcing Network (SSON) and the Hackett Group, which surveyed more than 250 companies, found that only about a third of all participants were able to generate cost savings of 20% or greater from their SSO.

Risks:

Item 3: Deploying an enterprise architectural vision that is new to OHA.

1.) The reason for adopting the GSI architecture by OIS is primarily cost savings in licensing, operations and maintenance. However, there is no formal cost benefit analysis or return on investment models in the business case to back these assertions nor are we aware that they exist elsewhere. Without a quantifiable cost benefit analysis (CBA) or minimally a "before" and "after" analysis of the costs under both scenarios, there is insufficient data to determine that that one approach is more cost effective than the other. The lack of mature inter-agency processes and/or inter-agency planning in the following areas would seriously affect the CBA or ROI of such a business case:

- There was limited significant business process analysis and pre-planning,
- Lack of a clearly defined inter-agency "No Wrong Door" analysis. This is fundamentally the identification of a comprehensive new service delivery model.
- Lack of a common or functional governance processes,
- Limited overlap among inter-agency processes,
- Dissimilar priorities and goals among independent state agencies,
- Lack of state staff with appropriate skill sets resulting in a heavy reliance on highly paid consultants from all over the nation.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

2.) In addition to the above ROI/CBA factors, a Single Instance architecture approach also has a significant overhead or tax with regards to business operations that is not clearly articulated to the participating business entities. Each time a new business line is added or there is a change to the existing business processes, the Single Instance approach requires a feasibility analysis and/or a merge of the new code with the existing production code. The analysis and/or merge process looks for technical differences between the new and the production code. These technical differences often equate to differences in business operations. These differences or "collides" require the business units to resolve their operational differences prior to launch. Once the code is merged and launched, all of the existing businesses within the Single Instance receive a new release of code.

This process poses challenges in change management, downtime for patching and maintenance, upgradability and it increases the regression testing effort significantly. Legislative rule changes in healthcare or Medicaid over the next couple of years may result in a single business line significantly disrupting other lines of businesses each time changes or new rules are enacted.

Item 5: Re-organizing the delivery model (centralized foundational services model) for IT projects within OHA.

3.) OIS also uses cost reduction and standardization as their justification to implement foundational services organization. Again, there is no cost benefit analysis or return on investment models in the business case to back these assertions. Without a quantifiable model or a “before” and “after” analysis of the costs under both scenarios, it is dubious to believe that one approach is more cost effective than the other. For example, the following items would seriously affect the CBA or ROI of such a business case:

- 1 no detailed strategy by OIS to move the organization to this delivery model.
- 2 not documenting OIS IT processes and work streams pre-implementation,
- 3 not focusing sufficiently on the transition period,
- 4 not having a robust operational transition plan clarifying employee resources,
- 5 lack of state staff resulting in an over reliance on a significant amount of highly paid consultants from all over the nation.
- 6 not having a risk management or monitoring process in place prior to implementation,
- 7 no proven functional or technical governance processes.

Individually, or in aggregate, these items could easily erode any expected cost savings for years to come.

Recommendation:

1.) Implementing a new Global Single Instance Architecture and a Foundational services organization requires significant inter-agency process reengineering and a major overhaul of the OIS IT department to occur simultaneously. The simultaneous execution of these initiatives introduces a compounding effect with regards to risk. Some short term risk mitigation has occurred, for example, additional ORACLE staff is being imported from around the nation to add expertise in the executive management, PMO, project management, scheduling and development areas of the organization.

In figure 1 below, a simple implementation analysis was mapped against perceived risks based on the large initiatives set in motion by OIS. This analysis shows the three implementation approaches discussed in this document and the technology characteristics relative to the business requirements and needs that can be expected from each of the approaches.

This simple analysis concludes that the EIA implementation approach may aid in reducing risk for the projects and potentially support a more flexible business environment for Cover Oregon in the foreseeable future. This risk mitigation approach of moving to an EIA implementation will potentially require an increase in upfront and O&M costs by CO.

Figure 1.

Att F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

- 4 Individual authentication and ID proofing process
- 5 Employer authentication and ID proofing process
- 6 Medicaid authentication and ID proofing process.
- 7 Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products.

Cover Oregon Response: Because of the nature of Cover Oregon and the type of info it will be gathering and sharing (PMI), it will need to be HIPPA compliant (which includes PMI requirements), we need to make sure we are addressing those requirements in this attachment, or some other attachment.

Cover Oregon met with the state to get that process started. There is a checklist of all the things that the state feels Cover Oregon will need to address in order to meet the Federal HIPPA requirements. The Security Officer that Cover Oregon is in the process of hiring should own the completion of the processes laid out in this checklist as well as develop a timeline for completing all of the items in the above mentioned checklist then add those major milestones in Cover Oregon's project plan so there is wider visibility on the completion of those major milestones.

The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.

Cover Oregon Response: Cover Oregon has been working closely with Oracle and the State to ensure that all applications & required hardware are compliant with all security requirements

4. Validate that the implemented system has met the required assurance level.

Cover Oregon Response: The new Security Officer that Cover Oregon is in the process of hiring will conduct this, and will be part of the "timeline" referenced above.

5. Periodically reassess the information system to determine technology refresh requirements.

Cover Oregon Response: This will be part of the policies & procedures that the new Security Officer will be finalizing upon their hiring.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, "This document will assist agencies in determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This responsibility extends to electronic authentication systems." This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.

Cover Oregon Response: Cover Oregon started the process of working with the State on this assessment, and definition of ongoing policies and procedures to ensure compliance now and into the future.

The state will need to make an initial response to the Federal Government on the steps that Cover Oregon has taken and will need to take over in the coming months to comply

with all Federally mandated HIPPA and other security requirements. Various Cover Oregon resources are engaged in this effort.

Risk:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Both sides (technical and business) will state that it is too late to conduct the risk analysis. This may be true for the April 30th deadline, however, if the initial system proves to be too cumbersome to navigate during usability testing or too easy to compromise, a system retool may be necessary prior to Oct 1 launch. Without a proper risk analysis the retool runs the risk reopening the debate between technical and business groups and/or of moving the system to the other extreme.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an "Early Innovator Grant" with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.
- Federal regulations require Cover Oregon to comply with HIPPA requirements due to the PMI information CO will be gathering and sharing through the exchange. Failure to comply with these requirements could result in sizeable fines and/or shutting down the exchange

Recommendation:

- Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.

Cover Oregon Response: The state is working on this report with the support of Cover Oregon.

- (In process) Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.

Cover Oregon Response: Cover Oregon will take this into consideration

- Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.

Cover Oregon Response: Cover Oregon needs to hire a Security Officer who will ensure all required policies and procedures to meet the HIPPA requirements are completed. By working with the state, the Security Officer will validate Cover Oregon meets all HIPPA requirements prior to "go-live" and has the ongoing reviews, validations and audits required to ensure continuing compliance with those same HIPPA regulations.

Att G: Scope Management and Product delivery (Feb 2013 Finding)

Cover Oregon Response: Cover Oregon has deployed a business-driven Scope Management process that supplements original scope management work that began in August 2012. The basic process includes:

- A recurring meeting that includes a cross-organizational team of executives and decision makers.
- An information-based approach that considers mitigation opportunities through: (1) reducing/delaying scope; (2) increasing development capacity, and; (3) expanding the development timeline.
- A regular update and evaluation of scope delivery metrics that allows immediate adjustments and additional actions to be taken.

The results of this process have been positive. The team realizes that there is still considerable risk that must be managed. The following changes have occurred so far:

- Technical interfaces have been reduced from 62 to 39 -- a 37% reduction in interface scope.
- At-risk Medicaid data exchange scope has been managed through communication of a "must have" 4/1 date for completion with planned work-around by Cover Oregon if not delivered. Expectations for what will be delivered on 4/1 were clearly articulated to OHA partners.
- Less than 2 months ago, Maximus estimated that the functional scope was 5 months behind with development work (including merge and rebase; the most recent estimate is approximately 30 days.
- Foundational services scope, while still a struggle for Cover Oregon to affect within OHA/OIS, has seen progress and is now integrated into the functional scope dependencies and management process.

In addition to the work mentioned above, other practices have been deployed to expedite scope issue resolution and decision-making. A 3 x weekly "Scrum" call provides cross-functional issue resolution and tracking with the JIRA system. Most recently, a 3x weekly Development Blocker Resolution meeting was deployed and deemed successful by all involved. Cover Oregon has carefully considered the input provided by Maximus and remains open and attentive to the high quality assistance that has been provided on this project. Cover Oregon also realizes that continued focus must be applied to scope management to navigate toward a successful 10/1/2013 launch date.

Findings (at the time of writing March 10, 2013):

CO and HIX-IT has identified ~135 use cases that will need work/development in Iteration 17 (I17), slated for March 1st to May 1st. The 135 are categorized as follows:

- o 29 use cases are expected to be carried over from I16 for additional work based on dependency's to be completed in I17, i.e., interfaces, MDM, etc.

- o 24 use cases are considered updates from previous iterations.
 - o 79 use cases are considered new use cases
 - o 3 Use cases are TBD
- The CO scope strategy is to do the following:
 1. Have ORACLE give a preliminary (swag) Level of Effort (LOE), i.e. man hours for the ~135 use cases identified for Iteration 17 (I17) slated for March 1 to Apr 30th .

Cover Oregon Response:

34 use cases were carried over from I-16 work not completed not 29 use case
34 use cases are considered updates from previous iterations
67 use cases are considered new use cases

4 use cases were not labeled out of the 139 total use cases in I-17

- **Cover Oregon Response:** Oracle has provided Cover Oregon a preliminary level of effort (LOE) to provide some rough order of magnitude estimate of scope issue; more refined LOE estimates were planned and have been delivered by Oracle.
 2. As part of this process CO wants ORACLE to identify where increasing capacity (development resources) can increase the through put of use cases. Oracle has been authorized to add 21 resources by OHA.
- **Cover Oregon Response:** Oracle has received approval to onboard 29 resources. As of mid-March all but 3 resources have been on-boarded. Per Oracle, the onboarding build-up was considered in their capacity estimates that were delivered. All roles reviewed and approved by the State.
 3. CO will then make cuts based on what ORACLE says their swag LOE is and proposed capacity estimates can be for I17. Note: This still may require an additional iteration or iteration subset to complete, i.e., 1 to 2 more months; this additional iteration subset is currently being called I17a.
- **Cover Oregon Response:** Cover Oregon reviewed and modified the Oracle proposed scope management plan based on business need; Maximus has participated in the scope management meetings and was aware of this approach. It was not a one-time-only event based on initial estimates.
- Mapping the previous, current (planned) and outstanding use cases per iteration produced the following :
 - o I14 41 use cases
 - o I15 48 use cases
 - o I16 62 use cases (planned)
 - o I17 135 use cases (outstanding)

- CO currently views it's the organization as centered around two core lines of business (individual and SHOP) The CO organization is loosely organized around these vertical lines of business.
- **Cover Oregon Response:** Cover Oregon understands the various lines of "vertical" business and has organized much of their business and technical delivery by separate business lines. Maximus's opinion of how Cover Oregon views as their business is speculative and misrepresents how the project is organized and executed.

Risks:

1. Without a more vertical view of the service lines and functional components of the Exchange it will be difficult for Management to coordinate the delivery of the exchange releases and focus future development and enhancements around specific target metrics. The current cross functional management of the development, operations, delivery and marketing make it extremely challenging to ensure that all components are "linked and synced" for delivery. Typically, in the private sector, service lines/products are looked at from a vertical perspective and each vertical lines of business will have a Line Manager. The Line Manager typically "owns" the product in the sense that he/she is responsible for delivering the product from a Product Development Lifecycle (PDLC) perspective. A typical PDLC starts with conception and ends with the retirement of the product or service. For example, a typical PDLC may include conception, requirements gathering, market research, feature development, testing, delivery, upgrades, revenue and budget management, operations and maintenance, and finally product retirement. A Line Manager is typically matrix function across these functional areas to ensure that all components are properly coordinated for successful launch and operation of the service or product.

- **Cover Oregon Response:** Having a fully vertical model versus a more general model is a decision made by organizations and characterizing it as "typical" is not accurate. This model could be problematic as a new company such as Cover Oregon establishes itself. Recommending that Cover Oregon immediately integrate into a hard vertical organization structure could be disadvantageous for a company that is still constructing its initial business.

2. Without a more integrated vertical view of the Exchange, Management may be in a position whereby they can only do a wholesale push of the delivery date in some incremental fashion (week, month or iteration). Typically, these types of launch slip decisions are based on limited information and subsequent slips tend to happen.

- **Cover Oregon Response:** Cover Oregon is working toward a 10/1/2013 go-live date. This date is federally mandated for both SHOP and Individual lines of business. Unlike in other typical internal IT projects, date slippage is not an option for Cover Oregon. This hard date is a key driver in the scope management process.

Further, wholesale schedule slips may result in a throttling of marketing to the public, i.e., if the delivery date messaging has to adapt to the continued slips in the launch of the system the organization will become reticent on aggressively marketing the Exchange in the midst of negative publicity. If the organization begins to throttle the messaging it can potentially negatively affect the pre-enrollment numbers (domino affect).

3. The outstanding use cases currently out weight the previous iterations by more than twice. Continued technical analysis will produce more accuracy and precision as time passes, however, the window is limited and the longer the analysis takes the less time will be available for the business to make strategic decisions other than doing a wholesale delay of the launch.

- **Cover Oregon Response:** The Scope Management team is receiving a weekly update of user case development progress providing the Cover Oregon executive team to make quick analysis and adjustments as necessary. Cover Oregon, working with Oracle and HIX IT, is using information to guide its decisions.

4. Performance for past iterations is not relevant for the I17 iteration. For example, the previous iterations have always had the luxury of a follow on iteration. In previous iterations, issues or incomplete items could be rolled forward into the next iteration, so the complexity of the use cases that are "carryover" or "updates" will probably be increased for I17. In addition, the final iteration will require the connection of use cases to the Foundational Services components.

- **Cover Oregon Response:** Stating that something "may or may not happen" is a safe bet for anything that has not already occurred. Lessons learned from I-15 and I-16 are expected to be valuable in estimate I-17 performance. Unlike in past iterations, weekly updates to progress are provided and monitored at the scope management meetings.

5. The scope reduction strategy of trimming all service offerings (Individual, SHOP and Medicaid) of functionality equally (generally) may result the quality of the exchange experience and functionality being diminished across the entire site.

- **Cover Oregon Response:** Cover Oregon is focused on mandatory scope that delivers a solid user experience. Cover Oregon has also begun its "Version 1.x" and "Version 2.0" and beyond process to begin developing its post 10/1 product implementation strategy.

6. The current scope management strategy being employed is a technical based approach which leads with technology and capacity instead of a business based approach. Having one without the other is an incomplete risk assessment process. This strategy is considered back loaded because the hard business decisions are to be made once the technical analysis is available, i.e., toward the end of the final iteration.

- **Cover Oregon Response:** Cover Oregon is driving the Scope Management process while including Oracle and HIX-IT/OHA in the discussion to best understand the impact of its

decision. Based on this information, Oracle provided a straw man proposal that Cover Oregon modified to best fit its business need.

7. The current scope management strategy does not take into account the work that is currently happening in operations and how operations will need to adjust to any significant last minute changes in scope. Operations will have to react to the late scope deferment decision, which may happen after they have resourced and planned their processes. They (Operations) will have to potentially re-resource and re-plan just prior to their training.

- **Cover Oregon Response:** The scope management team includes the Cover Oregon Chief Operating Officer. The Operations team is made aware of scope issues on a weekly basis at the Matrix team meetings. Based on best-known information, CO makes needed decisions with full input to the Scope Management team.

8. Detailed LOE estimates will be difficult until late in the iteration. Most likely, Oracle will find the average LOE from the previous iterations for use cases and apply them to all use cases in I17 for the initial swag estimate. This swag will provide some information, however, it will not be as precise as CO would like and may lead CO to falsely assume that all work can be accomplished.

- **Cover Oregon Response:** Based on review of delivered use cases and UI, Oracle delivered revised LOE and Capacity estimates to Cover Oregon on Tuesday, March 12, versus late in the iteration as suggested by Maximus.

9. In addition to the above, CO has only asked ORACLE HIX-IT development team for LOE and not OHA/OIS Foundational Services. So the LOE that will be given will be void of important dependency information. OHA Foundational Services is a significant risk factor given the lack of transparency, schedule and communications from these groups.

- **Cover Oregon Response:** LOE and Capacity estimated from Foundational Services (FS) are not available at this time due to the lack of information available within this scope area that resides within OIS/OHA. FS was invited to participate as part of the scope management team and CO scope management will encourage delivery of its LOC and Capacity as soon as it is available.

10. The capacity increase provided by ORACLE will also take time, for example it will most likely take 30 days to have resources on the ground from when an authorization is approved. It will also take the resource once on the ground, a minimum of a week to get up to speed. This would mean that the new resource would then only be effective for 6 of the 8 weeks of I17.

- **Cover Oregon Response:** Oracle received approval to onboard 29 additional resources. Onboarding began in February with the majority of the resources on-boarded by the week of March 25th. Per Oracle, the onboarding build up process was considered in the capacity estimates it delivered to Cover Oregon.

11. OHA business is a dependency for a significant portion of the CO Medicaid business line. The assumption is that keeping Medicaid in scope for Release 1 with scope reductions on all of the business line (Individual and SHOP) that CO will get the Medicaid piece. The risk with this logic is that the CO Medicaid business line is fully dependent on OHA Medicaid business and IT which have a different delivery schedule.

- **Cover Oregon Response:** Cover Oregon sent an email to the OHA Director stating its concern with lack of progress on the Medicaid scope delivery. Since that letter was sent, a meeting occurred that outlined a Cover Oregon acceptable solution that is on track for delivery by 4/1. Cover Oregon confirmed that it can go live on 10/1/2013 with the interim solution with little quality risk.

12. Reliance on an additional iteration (I17a) to be "squeezed" in for the Oct 1 is problematic. Development delivered past the I17 (April 30th) deadline will begin to encroach on a reduced (tight) testing period for the Exchange. Trying to include another iteration (I17a) for the Oct 1 release is risky given the already compressed testing window. Employing this type of strategy with immature organizations (CO and OHA) is very risky. This type of uncertainty of the final operational environment can negatively affect operations, training, marketing, and deployment schedules, further increasing the risk for a low quality launch.

- **Cover Oregon Response:** Cover Oregon, with input from the scope management team, is managing this period carefully and prioritizing work in this area.

13. Deferring scope and finalizing development in I17 will still leave the schedule tight. It is considered a high risk to plan tight timeframes with such immature organizations. Without ample slack in the schedule, CO may have to continually adjust their messaging and communications to update their final progress when deadlines slip.

Cover Oregon Response: As is discussed daily on the project, the schedule is very tight and risky. Even with finalizing development by 4/30, there is still overlap between SIT, UAT and Performance testing. CO is confused by any mention of "ample slack" in the schedule since the 10/1/2013 date has been seen as overly aggressive and unreasonable for an extended period. The highly aggressive schedule has been recognized by the LFO and reported by the LFO to the Legislature as unreasonable. CO is managing scope to implement its mandates and mitigating risks when possible.

14. The system will be available for end-to-end viewing with the security enabled for the first time at the end of I17 as the testing phase begins (May 1). This first view of the complete system will most likely need significant tweaks and potentially, substantial rework. The developers will be focused on these items for quick turnaround. Including a I17a Iteration with the expectation it will be released on Oct 1 will further exacerbate this stressful and compressed schedule.

- **Cover Oregon Response:** The Oracle development team has been increased for additional work. This capacity increase accounts for development staff to work defects that are uncovered during testing.

Recommendations:

1. As the Organization matures CO should consider further vertical integration of the Exchange Lines of Business (LOB) by establishing Line Managers that are responsible for the PDLC for their respective areas, roadmap prioritization and meeting target metrics and business objectives.

This deeper vertical view of the exchange will also assist with product and feature prioritization for subsequent releases of the Exchange and .

- **Cover Oregon Response:** Cover Oregon will take this recommendation into consideration given the feedback provided above.

2. Using a business risk based approach coupled with an LoB view of the Exchange, alternate or enhanced strategy's for scope reduction can be developed. Example risk factors could be:

- Legal compliance
- Political (National and State)
- Business priorities (Individual, SHOP, Medicaid, Agents, Community Partners)
- Quality (Overall, Individual, SHOP, Medicaid, Customer Service)
- Enrollment Numbers (Individual v. SHOP v. Medicaid)
- Priorities within the business line and Customer Service
- Dependencies (OHA, Foundational services, Carriers, etc.)

a). A test can then be set up by the business to aid in strategic decision making, in parallel to the LOE estimates being created by ORACLE. As an example each business line (Individual, SHOP and Medicaid) and functional areas (Community Partners, Agents, Customer Service) can run through a simple priority test to determine their ranking relative to each other.

1. Does CO think this line of business or functional component to be a CORE compliance item for Oct 1st? (worst to best rating 1,2,3 etc) An example of this would be payment. Is payment required to be delivered in the pre-enrollment period?
2. Does CO think they can weather the political implications of not deploying this line of business or functional component in an automated fashion on Oct 1 nationally? (worst to best rating 1,2,3 etc)
3. Can CO weather the political implications of not deploying this line of business or functional component in an automated fashion on Oct 1 on a state level? (worst to best rating 1,2,3 etc)
4. Does CO deem this line of business or functional component a core automated component of the exchange (Business priorities)? This can be weighted by any number

of metrics, for example, revenue, mission, enrollment, etc. and each can be assigned a priority 1,2, 3, 4, etc.

5. Is this line of business or functional component dependent on areas or groups outside of the control of CO? (least to most rating 1,2,3 etc)

In the above example, items with the lower scores would be the highest priority business lines and functional components.

Note: one way to make this analysis extremely effective is to not allow any answer to be rated the same across the lines of business or functional components. For example, in question 1, none of the lines of business can have the same rating, i.e. 3 lines of business, 3 distinct rating values (1,2 and 3). This "rack and stack" methodology is difficult to do, but can give a very clear and sometimes a surprising picture of the business priorities. In addition, the teams should be encouraged to challenge any and all assumptions in the process. Typically, doing this will provide new insight and thinking on how problems are perceived and dealt with.

b). Once the lines of business or functional components are prioritized, an analysis can be made within each line of business of the key functionality in a similar manner.

This information can then be matched against development capacity and be used to plan what functionality should be made manual (workaround) until an automated solution is available or deferred until a later date. See figure 1. for a rudimentary feature release product plan.

- **Cover Oregon Response:** Cover Oregon will take this recommendation into consideration given its feedback noted above.

Oregon HIX Corporation (ORHIX) Cover Oregon (CO)
Monthly Quality Status Report: Feb 2013

Sorted by Line of Business (LOB)

LOB		Browse	Select	Medicaid Check	Medicaid Eligible	Medicaid Enrollment	Submit application	Payment	Security	Financial	Customer Service	Community Partner	Agent\ Broker	17	Rel 1	18	Rel 2	19	Rel 3	20	Rel 4	21	Rel 5	
LOB 1	Individual No TC																							
	Individual No TC																							
	Individual TC																							
	Individual TC																							
	Individual TC																							
LOB 2	Shop No TC																							
	Shop No TC																							
LOB 3	Individual Medicaid																							
	Individual Medicaid																							

Sorted by Release Date

LOB		Browse	Select	Medicaid Check	Medicaid Eligible	Medicaid Enrollment	Submit application	Payment	Security	Financial	Customer Service	Community Partner	Agent\ Broker	17	Rel 1	18	Rel 2	19	Rel 3	20	Rel 4	21	Rel 5	
LoB 1	Individual No TC																							
LoB 2	Shop No TC																							
LoB 1	Individual TC																							
LoB 1	Individual TC																							
LoB 1	Individual No TC																							
LoB 1	Individual TC																							
LoB 2	Shop No TC																							
LoB 3	Individual Medicaid																							
LoB 3	Individual Medicaid																							

3. For all functionality that is not under the control of CO, a contingency plan and trigger date should be established. For example, the CMS hub interface for user identity validation is not fully defined and does not have a delivery date from CMS. CO should identify the last point in time this interface can be reasonably delivered for inclusion into the Oct 1st release.

- **Cover Oregon Response:** Cover Oregon will consider this recommendation.

4. There will be more than 17 iterations in the life of the Exchange. However, not all iterations will be directly linked to the Oct 1 release date for all LoB's. Typically, in mature and disciplined organizations, a single iteration or groups of iterations are assigned to a specific release. For example, in the case of the Exchange, iteration 17 would be linked to the first release of the Exchange (Oct 1). A follow on iteration (18) could be linked to the next release in either Nov or Dec. Then iteration 19 could be linked to the next release in Jan or Feb of 2014, etc. This cycle is expected and to halt development on iteration 17 and or to create a 17a for inclusion in the Oct 1st release is unrealistic, confusing and counter-productive.

- **Cover Oregon Response:** See feedback provided above by Cover Oregon. Cover Oregon is currently building a process for future minor and major production releases.



**Oregon Health Insurance Exchange Corporation
(ORHIX) / Cover Oregon (CO)
Monthly Quality Status Report**

May 2013

Deliverable #2.3.k

Draft

Dated: June 11, 2013



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SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

1. **Initial Risk Assessment** - identification of initial risks facing CO
2. **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
3. **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of March, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon.

SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while 10 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall high (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and was dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of May, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex and evolving landscape.
- CO/OHA/ and DHS are continuing to meet and work through the business processes and decisions. Progress is slow but moving in the right direction.
- CO has reduced scope for the Oct delivery and has deferred non-core components to later releases. CO has also added 20% slack in the schedule.
- CO continues to add development staff in an effort to incorporate as much scope as possible for the Oct release.



The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	QA Risk Level	Priority QA Recommendations	CO Risk Level	CO Response
OVERALL HEALTH		<ul style="list-style-type: none"> See below for specific priority recommendations. Continue to review, update, and track all outstanding quality risks and recommendations. 		<ul style="list-style-type: none"> CO agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue
Business Mission and Goals		<ul style="list-style-type: none"> CO is creating a system Launch plan. This effort is intended to synchronize the development, business operations and marketing efforts for the initial launch. CO is to have a business operations review with Oversight in June focusing on the business operations component of the Exchange. It is expected that the Medicaid component will be detailed at this event. 		<ul style="list-style-type: none"> Agree Medicaid partner to co-present at this meeting.
Roadmap	Med	<ul style="list-style-type: none"> The roadmap for the first release will be in flux until final development sizing for the remaining iterations are completed. This work is expected to continue into the final iteration. A roadmap business case process has been instituted. The process is new and the business cases are rudimentary/ It is expected at the process matures the business cases will follow suit. 	Med	<ul style="list-style-type: none"> CO agrees with this finding. The list of open issues is shrinking rapidly. Agree
Scope		<ul style="list-style-type: none"> See attachment G (updated). The Scope for the first release will be in flux until development sizing and dependency identification and 		<ul style="list-style-type: none"> CO defers scope prioritized on the consumer eligibility, shopping and enrollment



		<p>prioritization is complete for the final iterations.</p> <ul style="list-style-type: none"> CO should establish and enforce formal trigger points and hold to these dates for OHA Medicaid system development and business units. 		<p>processes. Scope management is being extremely closely managed.</p> <ul style="list-style-type: none"> CO established trigger points and will implement Medicaid assessment fallback option. CO will continue to assess viability of Medicaid enrollment interfaces.
Schedule		<ul style="list-style-type: none"> Develop and publish schedule variance reports for all three schedule components (HIX-IT, FS and CO). These variance reports should be used to identify estimation issues and minimum slack requirements in future scheduling activities. Continue working towards a integrated and resource loaded schedule for HIX-IT and OIS foundational services. Continue to identify project dependencies and critical paths. 		<ul style="list-style-type: none"> CO will continue to manage the schedule as outlined in the schedule management plan and will continue to employ documented scope management processes
Budget	Med	<ul style="list-style-type: none"> CO is contracting directly with ORACLE and other vendors as part of the transition. The transition from OHA to CO for the IT component was abrupt since the original IAPDU anticipated follow on funding. MAXIMUS will review the budget in the June assessment to determine the impact on this to CO's budget. 	Med	<ul style="list-style-type: none"> Agree Two separate projects with Stand Alone budgets. Working with FEDS to address any potential shortfall.
Funding		<ul style="list-style-type: none"> CO has secured \$226 million in Level 2 funding for the Exchange. 		<ul style="list-style-type: none"> Agree
Board Governance		<ul style="list-style-type: none"> The CO Board meets on a regular basis and receives updates from Executive Director and his staff on salient business, IT and stakeholder topics. 		<ul style="list-style-type: none"> Agree



<p>Inter-Org Coordination</p>		<ul style="list-style-type: none"> Formally provide clear dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. Without proper coordination among OHA/DHS and CO policy and business operations it will put CO in a difficult position with respect to planning the operational procedures for Medicaid processing. Cover Oregon dependence on OHA/DHS system and staff readiness is problematic. OHA/DHS are older institutions and may not be as flexible as CO to change. The pace of change may not be achievable based on their size and org structure. 		<ul style="list-style-type: none"> Agree clear expectations and requirements are key. Cover Oregon is ensuring these are expressed to OHA OIS and leadership. Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to planning the operations for Medicaid processing. Leadership has elevated key issues to OHA leadership to respond to outstanding issues. Agree – this is why Cover Oregon took over their technology development.
<p>Org Management</p>		<ul style="list-style-type: none"> The organization is growing at a very quick pace. CO seems to be adapting and managing the growth well. 		<ul style="list-style-type: none"> Agree
<p>Human Resources</p>	<p>Med</p>	<ul style="list-style-type: none"> It is imperative that final scope is sized correctly and development can deliver against this scope with full confidence for the Oct delivery. Additional resources may be needed in Operations if IT system scope is reduced and functions need to be launched manually. 	<p>Med</p>	<ul style="list-style-type: none"> Agreed and finalizing scope deferral will help Cover Oregon address potential need.
<p>Stakeholder Management</p>		<ul style="list-style-type: none"> Continue proactive outreach and stakeholder communication is key as final scope and roadmap are refined. 		<ul style="list-style-type: none"> Agree
<p>Communications</p>	<p>Med</p>	<ul style="list-style-type: none"> As the final scope is defined the initial launch expectations may need to be reestablished with the various stakeholders. MAXIMUS expects that additional changes may occur as development estimations and testing is accomplished. The communication of these 	<p>Med</p>	<ul style="list-style-type: none"> Agree – this is currently taking place Agree – work is in progress



		changes will need to be managed with the stakeholders and public.	
Project Management		<ul style="list-style-type: none"> Without sufficient slack in the schedule (based on past variance) the plan for the final iterations is optimistic. See Att G (updated) 100% of the requirements for the Oct delivery need to be finalized by 6/10/2013. If any requirements are outstanding after this date additional scope reductions should be considered. Lack of scope and requirements finalization is pushing development and testing on top of each other right before launch which will greatly increase the coordination complexity of the final delivery. See attachment B Detailed reporting and tracking. 	<ul style="list-style-type: none"> Final iteration estimates are based on 20% slack due to past performances and a 10% dependency. CO will continue to employ scope management should 20% slack not be adequate. 100% of requirements including Customer Service TBD will be finalized by 6/10. CO agrees that additional coordination is needed considering developing scope/requirements. CO is measuring progress through use cases and LOE.
Contract Management		<ul style="list-style-type: none"> CO is working to implement deliverable based contracts. 	<ul style="list-style-type: none"> Agree
Product Content		<ul style="list-style-type: none"> See attachment F Risk Analysis for Security Approach. See Att A and D 	<ul style="list-style-type: none"> Attachment A: Cover Oregon has implemented a framework that balanced usability with security – CMS endorsed. Attachment C: Scope management process is already in place. Attachment D and G: Cover Oregon has mitigated risk and no wrong door through summits, leadership assessments and scope management.
Testing		<ul style="list-style-type: none"> The ORACLE testing consultant has made significant inroads into the testing process and planning. 	<ul style="list-style-type: none"> CO is now managing entire testing effort and is increasing level and detail of test reporting.



	<ul style="list-style-type: none">• ORACLE Unit/Build testing results should be reported out in the scope management meeting as part of the development effort. It is important to understand the status of the system as it leaves development and as it enters the SIT testing environment.• The BA's should be able to review the system prior to it entering SIT testing. This review, if managed properly, could save significant testing time if the system is not generally in-line with the development objectives.• OHA System Integration Testing is scheduled to significantly overlap CO User Acceptance Testing due to the already tight schedule.	<ul style="list-style-type: none">• CO agrees BA's will be able to review system prior to SIT 2• CO is taking over SIT and will closer coordinate the parallel aspects of testing.
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Table 2: QA Risk Level Tracking

Quality Rating Category	July '12	Aug '12	Sept '12	Oct '12	Nov '12	Dec '12	Jan '13	Feb '13	Mar '13	Apr '13	May '13
OVERALL HEALTH											
Business Mission and Goals			M	M	M	M	M	M	M		
Roadmap		M	M	M	M	M	M	M	M	M	M
Scope											
Schedule											
Budget	M	M	M	M	M	M	M	M	M	M	M
Funding	M	M	M	M	M	M					
Board Governance	M	M	M								
Inter-Org Coordination											
Organizational Management	M	M	M	M							
Human Resources	M	M	M	M	M	M	M	M	M	M	M
Stakeholder Management	M										
Communication	M	M	M	M						M	M
Project Management			M	M	M	M	M	M	M		
Contract Management	M	M	M	M	M	M	M	M	M		
Product Content											
Testing			M	M	M	M	M				



SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of May, 2013.



Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

Table 3: Detailed Quality Standards Scorecard




Quality Rating Category	Apr 2013	May 2013	Risk Assessment Finding, Risks, and Recommendations
Business Mission and Goals (BMG)			<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO is creating a Launch Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. • The business mission and goals between OHA and CO are not fully aligned with respect to Medicaid. Work is being done in this area and significant progress is being made, however, the cultures and timelines are different. CO has formally notified OHA of their expectations, trigger events and dates they will use to determine if a contingency plan must be implemented for the Oct 1st release. IGA's are expected to be in place between the two businesses by Jun 15th of this month. • CO is to have a business operations review with Oversight in June. It is expected that additional Medicaid operations will be available in the review. <p>Risks:</p> <ol style="list-style-type: none"> 1. Closed 2. Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid. 3. Without a detailed launch plan, coordination of IT, OPS and Marketing may not be in full alignment for the launch window. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. Closed. 4. (In process) Update the detailed business model for the Exchange. Document in detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. This information should be appended to the updated Business



			<p>Plan. This plan should include Medicaid "take rates" for the electronic exchange, as well as references to source materials.</p> <p>5. Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan.</p> <p>6. Closed.</p> <p>7. Closed.</p> <p>8. Closed</p> <p>9. Closed</p> <p>10. Finalize the IGA's with OHA concerning Medicaid operations by the target date of June 15th.</p>
<i>Roadmap (RM)</i>	<i>Med</i>	<i>Med</i>	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • A roadmap business case process has been instituted. The first business cases are rudimentary and it is expected as the process matures that more sophisticated analysis will be provided with the business case. • The roadmap for the first release will be in flux until all dependencies and development efforts are fully identified and properly estimated. Additional scope may need to be deferred as a more detailed level of effort is provided. See Att G. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a clear, comprehensive, and authoritative description of the Exchange roadmap, the project will likely continue to have incomplete data for future budgeting and unclear project priorities. 2. Closed. 3. Closed. 4. Closed. 5. Without a roadmap projection beyond 2013 will be difficult to do development budget projections for future grants and operations and development. 6. Without a process for determining the roadmap priorities it will be difficult to determine what features will have the highest impact of CO target metrics. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed.




		<ol style="list-style-type: none"> 3. Closed. 4. Create integrated prioritized roadmap to communicate with the HIX-IT project, CO staff, CO Board of Directors, and other stakeholders how the CO metrics will be achieved. 5. Closed. 6. The process for developing the roadmap(s) should be documented so that it can be evaluated by stakeholders prior to getting deep into the process. Also, all underlying assumptions should be articulated in the process so they can be agreed upon by executive management. 7. Finalize the near term functional roadmap, including a high-level schedule of required functionality, and prioritized features. 8. Closed.
<p>Scope (SCP)</p> 		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • Scope "lock down" and scope sizing continued through the through the final iteration. See attachment G for further details. • See Attachment C Contingency Planning. CO has established formal trigger points with respect to the Medicaid interface. • The Work Breakdown Structure (WBS) and project schedule is being updated and maintained on an ongoing basis. • CO continues to refine the WBS for its programs. This process seems to be very valuable to the Organization and Executive Management. • Currently, a cross functional view of the Product Development Lifecycle (PDLC) does not exist and clear connections between development, operations and marketing are lacking. <p>Risks:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. Closed. 4. Closed. 5. Without clear milestones, tasks and checkpoints for the Scope lockdown CO may be presented with surprises and tough decisions at the end of the final Iteration with respect to Scope deferment. 6. Without formal trigger points for Medicaid Interface system development and communication of



		<p>these trigger points to OHA OIS the development may languish beyond timeframes that are realistic for the inclusion into this release. If the expectations are not clear to and from OHA and CO on the development approach and business operations on a date certain it will affect, testing, training, and operational execution of the exchange.</p> <p>7. See Attachment G (updated)</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. Closed. 4. Define and implement clear project management processes and controls for maintaining the CO WBS, including "rolling wave" elaboration of near-term work. See the Project Management Section of this report for more details on this topic. 5. Closed. 6. Clearly define all status and oversight reporting requirements and expectations, including those from Department of Administrative Services (DAS), Legislative Fiscal Office (LFO), and Joint Committee on Legislative Audits and Information Management and Technology (JCLAIMT). Verify that all HIX-IT fiscal budget note items are adequately addressed. 7. Closed. 8. Closed. 9. Develop and formally communicate the expectations and contingency plans to OHA, see Attachment C. 10. Closed. 11. Continue to work with HIX-IT, OIS Foundational services and Deloitte, to align with their respective WBS documents. 12. Continue to integrate the use of the Schedule (and underlying WBS) into the day-to-day management and planning of the project. This will ensure that these documents are useful and accurate. 13. Closed. 14. Develop clear milestones, tasks and checkpoints for the Scope lockdown and sizing for the final iterations for the Oct 1 release. This was to happen in February and not completed, and is therefore spilling over into the final iteration. This is problematic since it will affect System Integration Testing which will affect User Acceptance testing (UAT) and the final release date. This effort has a cascading effect on the schedule and may begin to affect other assessment metrics negatively. 15. Closed
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		<p>16. CO should establish formal trigger points for OHA Medicaid system development and business units and these trigger points should be communicated to the OHA staff and Director to ensure the appropriate focus applied to meet the deadlines for the project. Care should be taken as to not let these trigger points languish.</p> <p>17. See Attachment G.</p>
<p><i>Schedule (SCH)</i></p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • The HIX IT and CO teams continue to meet and review the HIX-IT Schedule. • A variety of significant gaps still exist in the HIX-IT WBS that are dependencies for CO and vice versa especially in the areas of foundational services. • Both the HIX-IT, foundational services and the CO schedules lack baselines for variance measurements. • The HIX-IT, foundational services, and CO schedules do not have a common methodology for tracking and identifying dependencies, critical paths, work completion, variance, resourcing, etc. The teams are meeting and working through these issues. • The lack of reliable estimating by HIX-IT, undiscovered development issues and incomplete requirements by CO will result in continued surprises to CO throughout the project. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a clear understanding of the HIX-IT project schedule, including the activities and tasks specifically assigned to CO, there is a risk that the project will not be completed on schedule. 2. Closed. 3. Closed. 4. Closed. 5. Without clearly defined dates and features formally provided by Cover Oregon to HIX-IT it will be impossible for HIX-IT to define a complete development schedule to present to Cover Oregon. Relying on the iterative or "progressive elaboration" approach without a comprehensive estimation process in OHA foundational services and the Modernization project, will most likely result in continued surprises and missed delivery dates. 6. Closed. 7. Without clearly linked schedules between CO, foundational services and HIX-IT the project will suffer from confusion and misaligned expectations and missed deadlines. 8. Without a clear understanding of the Foundational Services level of effort (LoE) and the



		<p>integration of foundational services with the HIX-IT project, CO may not meet their business objectives.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Develop a single, comprehensive, authoritative and baselined schedule for all non-HIX-IT CO work, using the WBS described in Scope Section of this report. This schedule must include <i>all required activities and tasks</i> (at least at a high-level), as well as all durations, resources, and dependencies, required for the successful implementation and operation of CO and the Exchange. Clearly define assumptions, dependencies and constraints. 2. Closed. 3. Closed. 4. Define and implement common project management processes and controls for maintaining the schedule across OHA and CO, including "rolling wave" elaboration of near-term activities, baselining, variance tracking, resource loading and common reporting of project progress and status. Ensure that all the schedulers are using a common methodology for estimating work, tracking progress and variance, identifying critical path and dependencies in the schedules. See the Project Management Section of this report for more details on this topic. 5. Closed. 6. CO should formally define their expectations to HIX-IT with respect to features and timeframes for product delivery. This formal process will allow HIX-IT to develop a delivery schedule that can be presented back to Cover Oregon for review and analysis. CO should memorialize these items in a short term and long term IGA document. 7. Given the difficulty in estimating the development work across the foundational services and other projects within OHA, CO should embed sufficient slack in its schedule (on the order of 40+ percent). CO should continue to monitor the IT delivery deviations including the completion of use cases, testing platforms, standing up of environments, on boarding staff, and product delivery. These deviations should be reported to CO Executive staff in the weekly or monthly reports by CO CIO. As OHA OIS foundational services and HIX-IT improves their ability to estimate dates and level of effort CO can begin to reduce the slack in its schedule. 8. Consider independent QC of the Schedule. 9. Closed. 10. Baseline pieces of the schedule and track for variance. 11. Consider tracking Earned Value Metrics. 12. Closed. 13. Formally baseline the schedule, including CO, HIX-IT, Cognosante, Deloitte, and foundational
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			services.
Budget (BGT)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • The new multi-instance approach of the ORACLE software will have an impact to the current and future budget of the organization. • Significantly increasing ORACLE development and testing staff to complete the first release will have an overall impact on the budget. <p>Risks:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. The lack of fully elaborated, integrated and baselined WBS and schedule raises the risk that the project scope, schedule, and therefore costs are not clearly understood. As a result, the budget is most likely inaccurate. 4. Changes in architecture approach and SIT testing will affect the budget of the organizations. 5. The addition of unplanned development resources to achieve the outstanding scope will increase costs in the budget in the short term. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Document and implement a budgeting process for CO. This process should include the tracking of assumptions and dependencies. 2. Update the budget projections for CO. Ensure the Budget projections are aligned with the roadmap items that will be established. 3. CO should work with OHA to jointly review cost allocation methods, estimates of future expenditures, and associated financial controls. 4. Closed. 5. Request formal, comprehensive documentation of all relevant cost allocations by OHA to CO, including indirect overhead and foundational service costs. These items should be reviewed at regularly scheduled monthly budget meetings. 6. Closed. 7. With the advent of the multi-instance approach being taken by CO and OHA a budget reevaluation should be conducted to determine the budget impact of this decision. 8. With the addition of ORACLE resources to complete the development and testing of the Exchange



			a budget reevaluation should be conducted to determine the budget impact of this decision.
Funding (FND)			
			<p>Findings During Period:</p> <ul style="list-style-type: none"> CO has received \$226 million in Level 2 funding. Approximately \$90 million is for IT. <p>Risks:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. Closed. 4. Closed. 5. Closed. 6. Closed. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. Closed. 4. Closed. 5. Closed. 6. Closed. 7. Closed.
Board Governance (BG)			
			<p>Findings During Period:</p> <ul style="list-style-type: none"> The CO Board meets on a regular basis and receives updates from Executive Director and his staff on the salient business, IT and stakeholder of topics. CO management supplies the Board with a variety of informational documents including the MAXIMUS Risk Assessment Reports. <p>Risks:</p> <ol style="list-style-type: none"> 1. Closed.



		<p>2. Closed. 3. Closed.</p> <p>Recommendations:</p> <p>1. Continue to work with the Board to maintain the Board Policy Manual. Review and ensure that clear roles and responsibilities are established in accordance with the Carver Model. 2. Closed. 3. Closed.</p>
<p><i>Inter-Org Coordination (IOC)</i></p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • Interagency requirements definition and "to-be" processes require additional definition. See attachment D. Cover Oregon is dependent on OHA/DHS system and staff readiness continues to be problematic. Getting a slow start on the Medicaid Alignment Design via work stream activity means that OHA/DHS staff are only now understanding the details of the impact of the implementation of the Affordable Care Act, as well as other federal changes including SNAP eligibility for Medicaid determination. • CO and HIX-IT/MAX meet every week in the Technology Management Meeting. Attending are members of the CO Executive Team, including the Executive Director, CIO, COO and Program Management, the HIX-IT project manager, Oracle Project Managers, and the MAX Director. On the agenda are topics that cover inter-project issues across the OHA enterprise that affect HIX-IT. • The Medicaid Eligibility Steering Committee (MESC) is a joint task group that is coordination the Medicaid activities among OHA/DHS and CO. <p>Risks:</p> <p>1. Closed. 2. Without close cooperation, decisions will be made without appropriate analysis of the impact on CO. 3. Without more detailed IGA's in place, clear delineation of roles and responsibilities may become problematic in the future. 4. Detailed interagency requirements and "to-be" process definition are required. See attachment D. 5. OHA and CO Medicaid groups may continue to propose changes into the development and</p>



		<p>operations groups as they move into testing, training and deployment. Typically this situation will cause confusion in development, testing, training and operational deployment if not managed properly. The testing and training schedules are already short and lack of clarity will affect the schedule, execution of operational plans and or quality of the final deliverable.</p> <p>6. Without proper coordination among OHA/DHS and CO policy and business operations it will put CO in a difficult position with respect to planning the operational procedures for Medicaid processing. This lack of progress can result in a failed "no wrong door approach" for the state. In addition, it can result in CO having to quickly adapt to the decisions of OHA and DHS may or may not make over the summer and fall of this year.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. CO should continue to lead the effort to clearly define roles and responsibilities for each of the major organizations involved in CO, including both the HIX-IT project and ongoing operations. IGAs should be put in place to clearly identify the working relationships, boundaries, expectations and governance for the development and the operation of the Exchange. 2. CO should lead the effort to clearly document, approve and implement the governance process between CO and HIX-IT. This document should include a clearly defined set of tactical and strategic governing meetings, including scope, intention, and membership. Governance should include immediate project work, as well as ongoing operational responsibilities. CO should enlist the assistance of the LFO as required. This process should be identified in the IGA. 3. Closed. 4. Closed. 5. CO should create a list of all IGAs that are and will be established. This list should identify/track any inter-agency agreements and/or decisions, including those related to the communication/outreach, processing of paper eligibility applications, and call centers. 6. Establish formal Inter-Governmental Agreements (IGAs) with each of the organizations and/or projects in the Interagency Agreement Plan so that clear boundaries and expectations are established. 7. Closed. 8. Communicate the appropriate inter-agency agreements and processes to the Board and staff. 9. See attachment D. 10. Closed. 11. The work with OHA Business with respect to "No Wrong Door" may need to mature and span over multiple system releases. With this understanding CO should consider crafting a long-term
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		<p>strategy i.e, roadmap that demonstrates short term as well as long term goals and objectives.</p> <p>12. With respect to Medicaid, it is recommended that CO should present a number of options (strawman) for the OHA and CO Director and Executive Director to discuss with SME's involvement. Acceptance or modification of the options will assist CO in understanding the vision for OHA. This may enable some level of planning while the MESC team is working out the details.</p> <p>13. Closed.</p>
<p>Organizational Management (OM)</p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO has adopted a new system architecture that will require a different IT organization then was originally envisioned. • The organization is structured to deliver the various lines of business in a horizontal fashion. See attachment G for details. <p>Risks:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. Closed. 4. Closed. 5. Viewing the organization and project in a horizontal fashion may make coordination and delivery a more complex process. Integration of cross functional areas will not be well coordinated and will result in a product delivery that has fits and starts. See attachment G. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. As the CO Roadmap, WBS and Schedule are completed; Executive Management should clearly communicate the roadmap and internal organizational plan to the staff. 2. Identify key internal operational processes and assign these processes to the specific executive management for development. These processes should be developed using process flows, approved and implemented and placed under change control so the staff and QA can clearly understand how the organization is operating. Clearly document all related processes, policies, and procedures. 3. Continue to refine and update the CO organizational chart, including detailed roles, responsibilities, expectations, and authorities.



			<p>4. Closed.</p> <p>5. Closed.</p> <p>6. Closed.</p> <p>7. CO should re-evaluate the organizational needs of the IT department with the advent of the new architecture and responsibilities CO has incurred.</p> <p>8. CO should consider adding a Line Manager that is responsible for delivering a specific product line. This position should operate from the perspective of the Product Development Lifecycle (PDLC). See attachment G.</p>
Human Resources (HR)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • It is imperative that final scope is sized correctly. If additional deferment is needed in scope over the summer it may be impossible to add resources fast enough to keep the Oct 1 delivery date. • After reviewing the Organizational needs of the IT group based on the architecture change, new roles are probably necessary in the organization. • Viewing the product delivery from a product line perspective rather than a single product perspective will require a slightly different resource structure. • A Security Officer position remains open during a critical phase of the Project. <p>Risks:</p> <ol style="list-style-type: none"> 1. The dynamic nature and fast organizational growth of CO may create significant staff stress and frustration. Communication and HR support systems will be taxed. 2. Staff with gaps in their skill sets can create schedule delays, rework and/or incorrect planning and execution for the organization. 3. Closed. 4. Closed. 5. Lack of a product or portfolio skill set in the organization will hamstring the organization in its ability to deliver focused products and link them to effective advertising and marketing campaigns. 6. Not having a Technical Security person on the team may require short term staff augmentation by a consultant to ensure that technical aspects of the security are properly reviewed. <p>Recommendations:</p>



		<ol style="list-style-type: none"> 1. Continue to focus on defining and implementing the required HR support processes. Finalize the CO Human Resource Management Handbook. Complete job descriptions for all filled and anticipated staff positions. 2. Closed. 3. Continue to support team building and informal support structures for staff. 4. Complete, publish, gain approval of, and implement a comprehensive CO Resource Management Plan that includes a required skills matrix. 5. Inventory the skills of the existing staff and perform a gap analysis to the required skills of the organization. The gaps should then be prioritized and either staff should be augmented with consultants, trained or new employees should be sought out with the proper skill sets. CO should continually evaluate employees skills against the tasks they have been given. Areas where there are gaps should be identified and mitigated quickly. 6. Implement formal HR Policies and procedures. 7. Closed. 8. Re-evaluate the needs of the IT organization to determine if new roles and personnel are needed based on the change in architecture and delivery model. 9. CO should consider adding an experienced Line Managers who are focused on delivering specific products to the market from a cross functional perspective. This skill set would be instrumental in defining the detailed features and functions of the product and creating and managing a detailed product roadmap for achieving the targets and metrics CO will establish in the future. 10. Fill the security position as soon as possible either with a full time hire or shot term by a consultant.
<p>Stakeholder Management (SM)</p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO has engaged in multiple stakeholder outreach and communication efforts throughout the month. <p>Risks:</p> <ol style="list-style-type: none"> 1. Lack of proactive communication with Exchange stakeholders may limit early participation and/or public support. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Complete, publish, gain approval of, and implement a comprehensive CO Stakeholder



			<p>Engagement Plan.</p> <ol style="list-style-type: none"> 2. Develop scenarios to clearly communicate the benefits of participating in the Exchange. 3. Continue proactive outreach and stakeholder communication efforts.
Communications (COMM)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO will need to make adjustments to the Scope of the IT system. This information will need to be clearly communicated to internal staff, the board, and potentially stakeholders. <p>Risks:</p> <ol style="list-style-type: none"> 1. If the Exchange does not communicate its functions in a consistent manner then confusion and frustration may result for entities that need to oversee, interface with, purchase or supply services to the exchange. 2. If the Exchange does not communicate its functions in a consistent manner then CO's management credibility may suffer. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. (Updated) The internal marketing function of CO is working with the IT, SME's and executive management to identify areas where specialized high level communications need to take place. The Marketing organization can and should utilize the information that should have been produced from the work identified in the Roadmap Section of this report to begin to articulate the functionality of the exchange. 3. Closed. 4. The Marketing organization should establish consistent messaging for the organization that reflects the roadmap of the Exchange. 5. Design and implement a specific external marketing / education program, including the clear purpose and benefits of participation in the Exchange. 6. Consider independent QC of the final Sandstrom deliverable.
Project Management (PM)			
			<p>Findings During Period:</p>

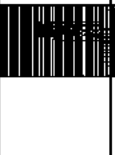


		<ul style="list-style-type: none"> • Requirements are still not finalized in a number of areas. This is a dependency for development, testing and operations. • The delay in the requirements finalization and the extended development schedule are going to run parallel to the SIT, UAT, and Performance testing in the summer. In addition, these events will be happening on the heels of the environment turn-up for a number of systems. • Without sufficient slack in the schedule (based on past variance) the plan for the final iterations are optimistic. • Refer to Attachment F • Work is continuing on a variety of "foundational" PM documents. • Project tracking and reporting findings are included as Attachment B. • Monthly CO status reporting is being tied to tasks in the CO schedule. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a full set of "foundational" project processes and controls, the project will likely suffer from ad hoc and inconsistent execution of the project work. 2. Closed. 3. Without all of these foundational documents being clearly completed, approved, and enforced by executive management they will not be institutionalized. 4. Closed 5. Without a clear set of metrics from which to track and report progress to the executive management of CO, HIX-IT, the Board, and LFO COs project management will continue to react to requests for a variety of status information. 6. Closed. 7. Closed. 8. Project tracking and reporting risks are included as Attachment B. 9. Languishing requirements past 6.10.13 will affect the development and testing schedule. 10. "Stacking" or overlapping requirements elaboration, development, testing and rework for a new organization in a compressing timeframe is an issue. 11. Scope reduction late in the development can cause rework and potentially add time to the overall process. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Finalize and implement a full set of "foundational" operational documents, including human
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		<p>resource management, contract management, grant administration, CO governance, staffing plan, stakeholder communications, and accounting management plans.</p> <ol style="list-style-type: none"> 3. Closed. 4. Closed. 5. Finalize and implement a comprehensive change control process for all of these foundational documents, as well as the WBS and schedule, as described in the Scope and Schedule Sections of this report, respectively. Include guidelines regarding "rolling wave" elaboration of near-term activities. Coordinate all change control processes with the Project Management Office (PMO). All documents should be placed under formal change control and be available in the Dropbox. 6. The Dropbox should be set-up on a manner that aligns with the WBS so that documents can be easily located. A process for document versioning should be evident. 7. Closed. 8. Finalize and implement common guidelines for reporting progress, including % complete. Consider implementation a common earned value management (EVM) approach that can be articulated jointly for both the HIX-IT project and CO schedules. 9. Closed. 10. Closed. 11. Project tracking and reporting recommendations are included as Attachment B. 12. Consider independent QC review of "foundational" PM documents, including relevant HIX-IT foundational documents. 13. Finalize all requirements as soon as possible. Where requirements cannot be finalized in the near term, implement contingency plans for manual operation. 14. To alleviate the "stacking" CO should consider reducing scope, prolonging the schedule and/or both. 15. Scope should be reduced in a manner that minimizes rework to avoid further delay in the schedule.
<p>Contract Management (CM)</p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO is currently updating the contract policy and procedures. • CO is maintaining a contractor invoice tracking spreadsheet. This spreadsheet includes a comprehensive view of all current contracts, and includes type, term, and value of all contracts. • Progress has been made to tie some contractor work to specific deliverables. However, contractor




		<p>work is not clearly tracked against the project WBS or schedule.</p> <ul style="list-style-type: none"> Recent contracts are deliverable-based, however legacy agreements remain, for the most part, time and materials. <p>Risks:</p> <ol style="list-style-type: none"> Agreements that allow contractor's to bill for hours worked, instead of fixed priced payments for satisfactory completion of specific deliverables, leave the onus on CO to verify that the hours were worked and sufficient value was created by the contractors, according to their individual agreements. It may also be difficult to prove or justify the commensurate expenditures. Without clear contractor procurement and management plans, as well as documented contractor deliverable expectations and deliverable-based payments, CO may have difficulty extracting the expected tangible value from these contractors. This may also lead to the inefficient use of contractor staff and the associated Federal funds. Without a clear tie between contractor work and the project WBS or schedule, effective management of contractor effort and billings will be difficult. <p>Recommendations:</p> <ol style="list-style-type: none"> Closed. Conduct an independent assessment of all contractor activities and proposed deliverables. Identify opportunities to convert contractor payment method to state approval of specific contractor fixed-priced deliverables. Renegotiate agreements, as appropriate. Closed. Define specific roles and responsibilities for contractors. Clearly assign work, as defined in the WBS and schedule, to specific contractor staff. Use this information to update the CO staffing plan, as appropriate. Closed. Closed. Closed. Clearly tie contractor work to the project WBS or schedule. Track progress (% complete) accordingly.
<p>Product Content (PC)</p>		<p>Findings During Period:</p> <ul style="list-style-type: none"> CO has developed a Scope Management strategy and process. This process is being refined and is beginning to prove effective.



		<ul style="list-style-type: none"> • The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO) and Role Based Access (RBAC) strategy is incomplete. A review of this approach has not been reviewed by a security professional. • The EDM architecture between OHA and CO for the Medicaid check, eligibility and enrollment is not documented. <p>Risks:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. The foundational services components (Security, MDM) will be implemented later in the process, potentially resulting in significant rework. In addition, process flows may need to change and or expected functionality may not be available when foundational services models are over laid on the existing builds. 4. Managing and matching docs in workflow processes will affect system design, customer expectations and HIX staffing requirements. See Attachment D for workflow-related, "no wrong door" risks. 5. Obtaining federally required signatures on documents may be a burden for the customer, system and customer service organization. 6. Closed. 7. Closed. 8. Informality in the use of BPM or UML will result in varying degrees of process flow quality. 9. Closed. 10. Closed. 11. Please see Attachment A for specific, security-related risks. 12. Please see Attachment C for contingency planning risks. 13. Please see Attachment D for workflow-related, "no wrong door" risks. 14. The EDM Architecture should be documented and signed off by both CO and OHA. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Implement a product validation procedure and requirements change management process to validate the requirements submitted for development. Implement a change process to correct any defects of requirements. 3. Define the process for integrating the requirements from CO into the foundational services
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		<p>components of the development teams early in the requirements process.</p> <ol style="list-style-type: none"> 4. Identify all areas where documents are expected to be uploaded, faxed or mailed and review the validity for these documents in the workflow process. Ensure that the system architecture has a document management strategy. Ensure that the documents requirements are clearly identified in the current JAD session, Data requirements, use cases etc. An inventory of all document expectations should be identified to assess the magnitude of the effort. See Attachment D. 5. Clearly identify where signatures are required for client documentation. Validate if they are required by consulting DOJ, IRS, Carriers, etc. 6. CO should have a formal review the existing OUM process (including foundational services) as it is implemented (tailored) for the Exchange project. This OIS process should be clearly documented, approved, implemented, and placed under change control. The process, if not controlled, will begin to drift as project managers move their attention to other areas/processes of the project that need to be "stood up". This will also enable QA to monitor the process as it continuously improves. 7. Closed. 8. A complete and accurate record of all iteration use case work packages and Oracle functional and technical design documents and Corporation testing documents should be organized and kept as a complete package in the Dropbox. Understanding the amount of customization of the current implementation will be critical for CO as future needs are established. 9. Closed 10. Closed. 11. Please see Attachment A for specific, security-related recommendations. 12. Please see Attachment C for contingency planning recommendations. 13. Please see Attachment D for workflow-related, "no wrong door" recommendations.
Testing (TST)		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • ORACLE Unit/Build test coverage and results are not being delivered as the code is being released to the SIT environment. • The CO scheduler and testing manager has developed an initial timeline for UAT. • HIX-IT has planned to provide a UAT testing environment that will be used solely by CO. A schedule for implementation of this environment needs to be identified by CO. • ORACLE has added a Testing consultant that is assisting in developing the overall test strategy. • Configuring the SIT environment has been a challenge and has resulted in lost testing time from an already compressed schedule.



		<ul style="list-style-type: none">• CO as decided to augment the State SIT test team. ORACLE will be utilized for this augmentation. <p>Risks:</p> <ol style="list-style-type: none">1. Current iterations are being accepted without a formal and methodical review of the product by the BA's. This may result in SIT testing being conducted on incorrect UI design and functionality. .2. Lack of a dedicated test environment will limit the exposure of the BA's and SME's with the product that is being developed. It is very important that SME's have ample time to play with the design so they may be able to refine the design as necessary. The SME's should also be encouraged to use non-industry personnel, i.e., public users to get feedback on the public facing components of the exchange. Lack of a dedicated test environment will require significant coordination with the IT testers and a reduced amount of time to access the system.3. The continued development beyond the scheduled timeframe will encroach on SIT testing which will eventually affect UAT testing and product quality at release.4. Without a Unit/Build test report delivered as part of the code delivery to SIT team can result in wasted time in testing items that are not yet build tested or completed by development. <p>Recommendations:</p> <ol style="list-style-type: none">1. Closed.2. Confirm that a dedicated test environment will be available for CO testing, such that they have sufficient time to review the design of the system as it is being built, allow demonstrations and focus groups to view the design, train, testing, etc.3. Ensure that usability testing using typical users of the system is included in the testing of the Exchange on-line system.4. Closed.5. Contain the system scope and requirements elaboration as soon as possible for the Oct 1st release.6. Ensure that the delivery of code from one test team to the next is clearly defined and reported on at each step of the process.
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SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	The Go-Live Launch team has been established and the plan is being developed. Cover Oregon agrees that the coordination between OHA/DHS and Cover Oregon policy and business operations is vital to planning operational procedures for Medicaid processing. Cover Oregon is working closely with OHA to clarify dates and expectations. OHA and Cover Oregon leadership are working together to resolve the Medicaid scope issue. OHA, DHS and Cover Oregon staff have been working together on multiple "work streams" related to Medicaid processing with decisions coming out of those meetings and being approved by OHA, DHS and Cover Oregon leadership authorized to finalize and sign off on these decisions. The launch plan is being developed to ensure successful day 1 (10113) operation.
Roadmap	The current road map outlines the products, services and functionality that will be delivered in Version 1.0 of the exchange. A cross-functional team is compiling and prioritizing products and services for post-1.0 upgrades in 2014, Version 2.0 and beyond. This work is based on a formal process for determining priority functionality and scope.
Scope	Cover Oregon has specifically responded to attachment "G" in the body of in our response to the February report. Cover Oregon continues to work with OHA leadership and OIS to communicate expectations and resolve outstanding issues. Remaining open scope issues are being resolved through the change management and development "blocker" resolution processes. Cover Oregon has also established trigger points and will continue to assess viability of Medicaid enrollment interfaces.
Schedule	Cover Oregon continues to build and update a comprehensive schedule as is outlined in the organization's schedule management process. New discovery will occur but Cover Oregon and HIX-IT have established adequate controls. Cover Oregon is also working closely with OHA to identify and mitigate project dependencies.
Budget	Cover Oregon agrees that by increasing Oracle development and testing staff to complete the first release has had an overall impact to the budget. Cover Oregon is also contracting directly with the vendors as part of the



	transition from OHA. The Cover Oregon budget is completely stand-alone.
Funding	In February 2013, Cover Oregon received Federal approval of its \$226 million Level 2 funding request. Approximately \$90 Million is for IT.
Board Governance	MAXIMUS correctly notes that the Executive Director and staff routinely meet with the Board and its finance committee, providing members with a variety of informational documents.
Inter-Org Coordination	Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to planning the operations for Medicaid processing. Cover Oregon has formally provided specific due dates to OHA business and OIS for the near term expectations for Medicaid requirements, and MMIS system interface architecture approach and delivery. Cover Oregon has minimized the dependence on OHA/DHS staff by assuming their technology development
Organizational Management	Cover Oregon agrees that the organization is growing at a very quick pace. The organization and its staff are adapting and managing to change.
Human Resources	The scope of the staffing strategy takes into account the need to manage from the hardware to application configuration and management. Finalizing scope deferral will help Cover Oregon address potential staffing/resource needs.
Stakeholder Management	Cover Oregon continues its proactive outreach and stakeholder communication efforts.
Communication's	The marketing and communications teams are preparing for any changes in initial launch so that expectations can be set with stakeholders and consumers, and marketing materials are appropriate to the situation.
Project Management	Cover Oregon agrees that scope and schedule must be managed very closely through final development; Cover Oregon is building all scope/schedule decisions with slack included. Additional coordination will be considered when developing scope and requirements.
Contract Management	Cover Oregon utilizes a Work Breakdown Structure (WBS) to identify activities to be completed on the way to Day 1 of open enrollment. Tasks that are assigned to contractors have been identified and are being tracked, as are other resources.
Product Content	Cover Oregon is working with HIX IT and OHA leadership to manage content and is escalating issues as they arise. Much progress has been made to nail down security and operational processes. Cover Oregon is actively managing the product content through the Foundational Services summit meetings, which include OIS leadership and project management



	staff. Scope management is ongoing and based on an established process between Cover Oregon leadership, Oracle and HIX IT PM. Cover Oregon has implemented a framework that balanced usability with security – CMS endorsed. The Cover Oregon Scope management process is already in place. Cover Oregon has mitigated risk and no wrong door through summits, leadership assessments and scope management.
Testing	Cover Oregon is now managing the entire testing effort and is increasing level and detail of test reporting. Cover Oregon is also taking over the SIT testing and will closer coordinate the parallel aspects of all testing.



SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

H	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
L	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

H	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
L	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED	H	H
Med	H	MED	H
Low	H	H	MED

Att A: Detailed Security Concerns (July 2012 Findings)

Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
 - Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
 - Identity proofing approach is currently unclear. Identity proofing is required to provide assurance of non-repudiation. Identity proofing of some form will be required by the Exchange due to the nature of the environment.
 - Identity proofing is currently at the individual level only. It is unclear how an employer, broker, employee, etc., will be proofed in the system for their specialized role.
 - Internal staff roles in the system are not defined.
 - External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Identity proofing can be costly and can have a customer usability impact. If the ID proofing is considered to be too cumbersome by the public it can affect the use of the Exchange by the general public.
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.



6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

Recommendations:

1. Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.
2. Identity proofing: Cover Oregon should understand the requirements from CMS, IRS, etc with regards to what level of ID proofing is required prior to developing the IDM strategy. For more on Federal ID proofing levels please refer to NIST 800-63.
3. Identity proofing: Identity proofing techniques are both a Business and a IT decision. Cover Oregon will ultimately need to bear the risk that the selected approach poses (legal and user acceptance). Cover Oregon should take an active role in deciding and vetting the approach with the IRS, State DOJ and potential customers of the Exchange. Again, this is the front door to the Exchange access as should be a balance between business efficiency (customer acceptance) and security.
4. Identity Proofing/verification: There may be multiple layers of Identity proofing/verification required. Some users may need to provide proof as an individual only, Broker, and / or employer/employee. Cover Oregon should clearly define the requirements to HIX-IT and expect HIX-IT to create a detailed design document for ID and account management that is vetted with Cover Oregon.
5. Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.
6. External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.
7. Much greater emphasis should be placed on defining the IDM strategy for Cover Oregon.
8. Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.
9. Closed.
10. Where possible, full mock-ups or prototyping of the Identity proofing and external self-administered roles should be made available to the business to determine the usability impact to the customer experience prior to implementation. This determination should use market research and data to fully justify the decisions made.

Att B: Detailed Tracking and Reporting (Aug 2012 Finding)

Finding:

- The full scope of the HIX-IT development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
 - There are a number of areas that need developed, including:
 - Use cases (general configuration of HIX-IT Components)
 - Interfaces to external IT Systems (approximately 60)
 - User Interface
 - Oracle Policy Automation rule development
 - Security
 - Content Management
 - Data classification and segmentation
 - Rework and refinement
 - Currently the CO Project Management is reporting the state of the 200+ use case work packages as a method of tracking project progress to Cover Oregon Management. While this is important, it only represents a portion of the overall IT development work. For example, current use case iterations being reported on may only comprise 45% of the overall IT work.
 - The current use cases that have been developed in iterations 9 through 12 are reported as “completed”. According to the HIX-IT Product Planning document they are still rated as “blue” or incomplete due to the additional items identified above.

Risks:

1. Measuring Exchange Development progress via the number of use cases only will cause incorrect expectation setting and confusion on the part of Cover Oregon over the coming months.
2. Calling use cases “complete” is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.

Recommendations:

1. Cover Oregon should work with HIX-IT Program Management to establish a more comprehensive methodology for estimating the level of effort required for the major components of the project.
2. The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.
3. Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress.
4. The development areas and metrics identified above should be reported to Cover Oregon’s management monthly basis at a minimum.



Att C: (Closed) Contingency Planning (Sept 2012 Finding)

Findings:

OHA OIS has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA has made and/or is currently making include:

1. Assuming the role of prime contractor for the overall state development effort.
2. Deploying technology that is largely new to OHA.
3. Deploying an integrated enterprise architectural vision that is largely new to OHA.
4. Deploying a new software development lifecycle (iterative) that is new to OHA.
5. Re-organizing the delivery model (centralized model) for IT projects within OHA.
6. Standing up new processes to support this new delivery model.
7. Merging the technology and business operations of three organizations (OHA, DHS and CO) and attempting to develop a “no wrong door” approach (see attachment D).

Furthermore, OIS does not have experience in estimating level of effort within the HIX-IT project team or within OIS foundational services team using a common estimation methodology. It may take several iterations to sync the methodologies when they are stood up.

A risk was raised by the Oracle development team regarding the use of a single instance of WebCenter for development. Oracle recommended that separate instances be used as the planning and coordination issues are considerable and likely will slow development. It is our understanding that a decision has been made by OIS foundational services (no written decision has been made available) to use a single instance.

Application and architecture decisions require Modernization agreement prior to implementation. The projects are on different timelines, have only partially overlapping priorities and have a different sense of urgency. See matrix below for priorities.

	P3	P2	P1
Individual Tax Credit	NA	NA	P1
SHOP Tax Credit			P2
MAGI (Medicaid/CHIP) eligibility, shopping and enrollment only	P2	P1	P3
Non-Magi			NA
Other Medical			NA
Non medical	P1	P4	NA



The OIS and HIX-IT overall governance structure as stated in the Project Charter does not appear to be functioning. This process needs to be clarified, documented and made balanced and transparent for the business, and all development teams going forward.

OIS does not appear to have formal, detailed, documented, functioning, transparent technical governance or data governance committees.

The software applications are expected to be merged for the first time towards the end of the HIX-IT project. This has never been attempted within the OHA development teams to date. The technical components of the merge are known to some degree, but how the organization will approach and deal with "collides" on a business level has never been done in OHA/Cover Oregon.

OHA must produce, sync and baseline a variety of detailed schedules (HIX-IT, Modernization, Security, MDM, Environments, OPA/application business rules, SOA, Webcenter, PeopleSoft, IVR, UI, OBIE and CO) for this project to be successful.

OHA and the HIX-IT project has slipped a number of proposed deadlines to date (see scheduling section). Cover Oregon has a schedule that is highly dependent on the HIX-IT, Modernization, and OIS foundational services schedules. And vice versa.

A number of basic project processes are not fully implemented within the OIS project structure (e.g., change control, testing, common estimation methodology, common schedule methodology, common activity diagramming methodology, etc.)

The current high level CO Timeline and the more detailed MS Project Schedule do not have specific usability testing activities identified.

Risks:

- 1) With the project deadline less than 1 year away and the lack of a stable and experienced organization, development and delivery teams within OHA as well as the requirements delay within CO, the probability of missing the target date is currently an issue.

Recommendations:

1. CO should prepare a number of trigger points over the remaining timeline of the project to ensure that scope is continually sized to meet the target date. For example, on November 5th 2012 OHA OIS is scheduled to deliver a detailed project schedule for the remainder of the HIX-IT project. On this date, CO should have a formal review with the OHA CIO, HIX-IT, foundational services project teams and QA to understand in detail the project approach, schedule, dependencies and issues. This information can then be utilized to gauge the



progress against an internal CO confidence checklist. The objective of this review should be to determine if significant components of scope should be deferred. Each trigger point would have a different checklist depending on where the project is on the timeline. An example of a checklist for Nov 5th could be as follows:

- Can scope be locked?
- What percent of scope is outstanding?
- Are schedules for all of the project areas complete, detailed, synced, and tracked using a common methodology?
- Are all project schedules being developed with a common estimation methodology?
- Are key dependencies identified within the schedules and are they listed for the executive management to review?
- Do the schedules have any slack in them and/or does all the scope fit within the current schedule?
- Do the schedules allow for any refinement once the system is constructed?
- Do the Oracle teams agree with the schedules?
- Have Modernization and CO documented the integration points within the application for "No Wrong Door"?
- Is the data that is to be passed from each application clearly documented?
- Is HP ALM operational?
- Are the test teams on board?
- Is there a functional, technical and data governance structure that is balanced and transparent to CO in place and operational?
- Are notes and decisions from these committees clearly documented for the development teams to build from?
- Etc.

The answers to this checklist can then determine a go/no-go for the current scope. If the decision is a no-go for the current scope, CO should have a list of predefined, prioritized and agreed to scope reduction options that can be employed immediately. Scope reduction options could be looked at from a horizontal (across all CO application components) and then, if need be, from a vertical application perspective. An example of scope reduction options could be as follows:

Scope reduction examples from a horizontal perspective:

- Reduce the complexity of the current architecture.
- Defer the merge and rebaseline of code until after go live.
- Implement separate instances of Oracle components that are dependent on interagency business integration.



- Reduce the dependency on the integration with other programs by deferring the “No Wrong Door” approach.
- Implement UI wireframes using Siebel.
- Etc.

Scope reduction examples from a vertical perspective:

1. Defer significant portions of the PeopleSoft components and process the billing manually.
2. Defer electronic plan loading from the Carriers.
3. Defer online Medicaid eligibility, plan selection and enrollment within the Exchange and process them manually.
4. Etc.

Each of these options would be pre-sized so that depending on the amount estimated schedule variance or slack desired by CO an equal amount of scope can be deferred. For example, if the schedule is off by 20% and reducing the complexity of the architecture can save 20% in the schedule then this would be employed because it is prioritized high and equals the needed time savings.

The formality of this process will give CO executive management a clear understanding of the project status and enable them to pull the appropriate levers to make the project successful at a variety points in the upcoming year.

Att D: “No WrongDoor” Cooperation (Sept 2012 Finding)

Findings:

OHA/DHS and CO have a general agreement to create a “no wrong door” approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a “to-be”, future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

- Lack of a clear, detailed, integrated view of “no wrong door” will hamper a smooth implementation of this vision
- Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the “no wrong door” approach in time for the October 2013 opening the Exchange.
- Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
- Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
- Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
- Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is

implemented in a timeframe and manner that fits the vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

- The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:
 - General vision of all the leaders.
 - Scope, which identifies all the agency programs that are required to participate in the effort.
 - Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
 - Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
 - High level deliverables, such as:
 1. All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:
 2. Identification of all policy changes for each program with respect to the "no wrong door" initiative.
 3. Identification of the following information about each on-line application:
 4. General screening requirements for all programs (Medicaid, QHP, etc).
 5. Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
 6. Specific data elements that is required for each application when they are passed from another application.
 7. Identification of a common point of transfer (after screening, after application completion, etc.)
 8. Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
 9. Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
 10. Identification of the agency that will handle processing of specific applications/or portions of applications.
 11. "Warm" handoff of clients that call in and require a transfer to another agency.
 12. Identification of common staffing of support and customer service centers, if required.
 13. Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
 14. Recommendations for the content of an integrated transition plan.
 15. High-level schedule, including definition of "no wrong door" process flows and detailed requirements.



**Att E: (Closed and Deleted) Architecture Simplification (Nov 2012
Finding)**

Texted deleted by MAXIMUS

Att F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

5. Individual authentication and ID proofing process
6. Employer authentication and ID proofing process
7. Medicaid authentication and ID proofing process.
8. Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products.

Cover Oregon Response: Because of the nature of Cover Oregon and the type of info it will be gathering and sharing (PMI), it will need to be HIPPA compliant (which includes PMI requirements), we need to make sure we are addressing those requirements in this attachment, or some other attachment.

Cover Oregon met with the state to get that process started. There is a checklist of all the things that the state feels Cover Oregon will need to address in order to meet the Federal HIPPA requirements. The Security Officer that Cover Oregon is in the process of hiring should own the completion of the processes laid out in this checklist as well as develop a timeline for completing all of the items in the above mentioned checklist then add those major milestones in Cover Oregon's project plan so there is wider visibility on the completion of those major milestones.

The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.

Cover Oregon Response: Cover Oregon has been working closely with Oracle and the State to ensure that all applications & required hardware are compliant with all security requirements

4. Validate that the implemented system has met the required assurance level.

Cover Oregon Response: The new Security Officer that Cover Oregon is in the process of hiring will conduct this, and will be part of the "timeline" referenced above.

5. Periodically reassess the information system to determine technology refresh requirements.

Cover Oregon Response: This will be part of the policies & procedures that the new Security Officer will be finalizing upon their hiring.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, "This document will assist agencies in determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This responsibility extends to electronic authentication systems." This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.



Cover Oregon Response: Cover Oregon started the process of working with the State on this assessment, and definition of ongoing policies and procedures to ensure compliance now and into the future.

The state will need to make an initial response to the Federal Government on the steps that Cover Oregon has taken and will need to take over in the coming months to comply with all Federally mandated HIPPA and other security requirements. Various Cover Oregon resources are engaged in this effort.

Risks:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Both sides (technical and business) will state that it is too late to conduct the risk analysis. This may be true for the April 30th deadline, however, if the initial system proves to be too cumbersome to navigate during usability testing or too easy to compromise, a system retool may be necessary prior to Oct 1 launch. Without a proper risk analysis the retool runs the risk reopening the debate between technical and business groups and/or of moving the system to the other extreme.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an "Early Innovator Grant" with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.
- Federal regulations require Cover Oregon to comply with HIPPA requirements due to the PMI information CO will be gathering and sharing through the exchange. Failure to comply with these requirements could result in sizeable fines and/or shutting down the exchange



Recommendations:

- Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.

Cover Oregon Response: The state is working on this report with the support of Cover Oregon.

- (In process) Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.

Cover Oregon Response: Cover Oregon will take this into consideration

- Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.

Cover Oregon Response: Cover Oregon needs to hire a Security Officer who will ensure all required policies and procedures to meet the HIPPA requirements are completed. By working with the state, the Security Officer will validate Cover Oregon meets all HIPPA requirements prior to "go-live" and has the ongoing reviews, validations and audits required to ensure continuing compliance with those same HIPPA regulations.

Att G (Updated May) Scope Management and Product delivery (Feb 2013 Original Finding)

Cover Oregon Response: Cover Oregon has deployed a business-driven Scope Management process that supplements original scope management work that began in August 2012. The basic process includes:

- A recurring meeting that includes a cross-organizational team of executives and decision makers.
- An information-based approach that considers mitigation opportunities through: (1) reducing/delaying scope; (2) increasing development capacity, and; (3) expanding the development timeline.
- A regular update and evaluation of scope delivery metrics that allows immediate adjustments and additional actions to be taken.

The results of this process have been positive. The team realizes that there is still considerable risk that must be managed. The following changes have occurred so far:

- Technical interfaces have been reduced from 62 to 39 -- a 37% reduction in interface scope.
- At-risk Medicaid data exchange scope has been managed through communication of a "must have" 4/1 date for completion with planned work-around by Cover Oregon if not delivered. Expectations for what will be delivered on 4/1 were clearly articulated to OHA partners.
- Less than 2 months ago, Maximus estimated that the functional scope was 5 months behind with development work (including merge and rebase; the most recent estimate is approximately 30 days.
- Foundational services scope, while still a struggle for Cover Oregon to affect within OHA/OIS, has seen progress and is now integrated into the functional scope dependencies and management process.

In addition to the work mentioned above, other practices have been deployed to expedite scope issue resolution and decision-making. A 3 x weekly "Scrum" call provides cross-functional issue resolution and tracking with the JIRA system. Most recently, a 3x weekly Development Blocker Resolution meeting was deployed and deemed successful by all involved. Cover Oregon has carefully considered the input provided by Maximus and remains open and attentive to the high quality assistance that has been provided on this project. Cover Oregon also realizes that continued focus must be applied to scope management to navigate toward a successful 10/1/2013 launch date.

Findings (Updated May):

Additional Scope has been deferred to 12/1/13 in order to achieve the Oct 1st delivery date. Details of the deferment are not yet published. It is expected that the deferment is focused primarily on back office functions and functional components not required for pre-enrollment, i.e., customer service, billing, etc.

A 20% slack was added to the schedule as part of the scope deferment.

A business use case process has been instituted and is beginning to prove effective in the scope management process.

Risks:

- Past deferment efforts have proved insufficient due to an over optimistic expectation of requirement elaboration containment, task dependency control and development level of effort estimation. It is unclear how this process has changed to correct past estimation errors.
- Scope deferment requires effort from BA's, SME's, development and test personnel. LoE and may not be accounted for in the deferment process.
- 20% slack is probably not sufficient, 30+ % was recommended by QA months ago and this proved to be optimistic.
- Testing schedule will continue to be compressed as additional issues arise and have to be mitigated for in the schedule.

Recommendations:

1. Closed.
2. Closed.
3. Closed.
4. Additional slack should be provided for in the schedule beyond the 20% currently estimated.
5. Continue to refine the Business Case process by challenging the SME's to detail and refine their facts and estimates used in their justifications.
6. CO should prepare for additional scope deferment or schedule slip to the Oct 1st date.



**Oregon Health Insurance Exchange Corporation
(ORHIX) / Cover Oregon (CO)
Monthly Quality Status Report**

June 2013

Deliverable #2.3.1

Draft

Dated: July 21, 2013

TABLE OF CONTENTS

SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

- 1 **Initial Risk Assessment** - identification of initial risks facing CO
- 2 **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
- 3 **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of March, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon.

SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while 10 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall high (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and was dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of June , including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex and evolving landscape.
- CO is continuing to review and defer non-launch critical scope.
- CO had a Business Summit with LFO and DAS and OHA represented. The summit reviewed the various functional areas of the organization. In addition, CO and OHA presented the status of the Medicaid operational issues and challenges.

Oregon HIX Corporation (ORHIX) Cover Oregon (CO)
Monthly Quality Status Report: June 2013

- CO added additional development staff in an effort to incorporate as much scope as possible for the Oct release. In addition, CO added testing staff from Oracle for the SIT and performance testing efforts.
- CO has instituted a contingency planning group to help ensure that scope that is not completed can be worked around for launch.
- The FTS (Functional Test System) has been configured and the SIT (System Integration Test) team is now testing the releases.
- Significant progress was made with the development and delivery of the Medicaid interfaces into MMIS.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	QA Risk Level	Priority QA Finding and Recommendations	CO Risk Level	CO Response
OVERALL HEALTH		<ul style="list-style-type: none"> See below for specific priority recommendations. Continue to review, update, and track all outstanding quality risks and recommendations. 		<ul style="list-style-type: none"> Overall Health remains high risk due to aggressive timeline and scope of work. Marketing and training efforts are well underway. Teams are closing in on finalizing the build, and in final preparation work for go live
Business Mission and Goals		<ul style="list-style-type: none"> CO continues to develop a System Launch plan. This effort is intended to synchronize the development, business operations and marketing efforts for the initial launch. CO had had a business operations review with Oversight present focusing on the business functional components of the Exchange. OHA was also present and expressed challenges in being operationally ready by Oct 1st. 		<ul style="list-style-type: none"> Business Mission -brand marketing and training efforts are underway to communicate to public and key users. The Go Live Planning effort is intended to synch Business/Ops, IT and Launch Strategy efforts. Good progress is being made to prepare the teams for go live and be ready for triage.
Roadmap	Med	<ul style="list-style-type: none"> The roadmap for the first release will be in flux until final development sizing for the remaining iterations are completed. This work is expected to continue into the final iteration. A second release of the system is expected to take place in Dec of this year. This release will have features that are not critical for the Oct release, but critical for the Jan 1st date. A roadmap business case process has been instituted and tested. A business case was created for the inclusion of Spanish for the Oct 1st release. The business case was reviewed and mapped against other priorities and slotted into a future release. 	Med	<ul style="list-style-type: none"> The longer term Roadmap for the CO product has shape but not definition. More defined planning efforts around scope beyond the 10/1, December and February releases will need to progress across the fall to prepare for the 2014 fiscal year and budget accordingly.
Scope		<ul style="list-style-type: none"> The current CO release strategy is to launch all three lines of business in Oct 2013. The scope management tactics being employed are to add resources and/or trim features and functionality until the system can be released in Oct 2013. CO has deferred the Medicaid Assessment work for the Oct release. The current plan is to implement Medicaid eligibility and enrollment for the Oct release. 		<ul style="list-style-type: none"> At the end of 17b (July) we have scope and LOE in balance with capacity for the 10/1 build. The teams are working to identify the critical scope for December delivery and to have design complete including the Oracle FDD and TDD in advance of the start of development in October.

Oregon HIX Corporation (ORHIX) Cover Oregon (CO)
Monthly Quality Status Report: June 2013

Table 2: QA Risk Level Tracking

Quality Rating Category	Sept '12	Oct '12	Nov '12	Dec '12	Jan '13	Feb '13	Mar '13	Apr '13	May '13	Jun' 13
OVERALL HEALTH										
Business Mission and Goals	M	M	M	M	M	M	M			
Roadmap	M	M	M	M	M	M	M	M	M	M
Scope										
Schedule										
Budget	M	M	M	M	M	M	M	M	M	M
Funding	M	M	M	M						
Board Governance	M									
Inter-Org Coordination										
Organizational Management	M	M								
Human Resources	M	M	M	M	M	M	M	M	M	M
Stakeholder Management										
Communication	M	M						M	M	M
Project Management	M	M	M	M	M	M	M			
Contract Management	M	M	M	M	M	M	M			
Product Content										
Testing	M	M	M	M	M					

SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of June, 2013.

Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

Table 3: Detailed Quality Standards Scorecard

Quality Rating Category	May2013	June 2013	Risk Assessment Finding, Risks, and Recommendations
O M			
Business Mission and Goals (BMG)			
			<p>Findings During Period:</p> <ul style="list-style-type: none"> CO continues to develop a System Launch Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. The business mission and goals between OHA and CO are not fully aligned with respect to Medicaid. Work is being done in this area and significant progress is being made, however, the cultures and timelines are different. CO has formally notified OHA of their expectations, trigger events and dates they will use to determine if a contingency plan must be implemented for the Oct 1st release. IGA's are expected to be in place between the two businesses by Jun 15th of this month, however, they did not materialize. CO had a business operations review with Oversight in June. The summit focused on the business functional components rather than operational flows. <p>Risks:</p> <ol style="list-style-type: none"> Closed Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid. Without a detailed system launch plan, coordination of IT, OPS and Marketing may not be in full alignment for the launch window. <p>Recommendations:</p> <ol style="list-style-type: none"> Closed. Closed. Closed. (In process) The detailed system launch plan is intended to be an extension of the business model for the Exchange. This document should detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. This information should be appended to the updated Business Plan. This plan should include Medicaid "take rates" for the electronic exchange, as well as references to source materials. Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan. Closed. Closed. Closed Closed Finalize the IGA's with OHA concerning Medicaid operations as soon as possible.
Roadmap (RM)	Med	Med	
CO			<p>Findings During Period:</p> <ul style="list-style-type: none"> A roadmap business case process has been instituted. The first business cases are rudimentary and it is expected as the process matures that more sophisticated analysis will be provided with the business case.

SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	The Go-Live Launch team has been established and the plan is being developed. Cover Oregon agrees that the coordination between OHA/DHS and Cover Oregon policy and business operations is vital to planning operational procedures for Medicaid processing. Cover Oregon is working closely with OHA to clarify dates and expectations. OHA and Cover Oregon leadership are working together to resolve the Medicaid scope issue. OHA, DHS and Cover Oregon staff have been working together on multiple “work streams” related to Medicaid processing with decisions coming out of those meetings and being approved by OHA, DHS and Cover Oregon leadership authorized to finalize and sign off on these decisions. The launch plan is being developed to ensure successful day 1 (10113) operation.
Roadmap	The current road map outlines the products, services and functionality that will be delivered in Version 1.0 of the exchange. A cross-functional team is compiling and prioritizing products and services for post-1.0 upgrades in 2014, Version 2.0 and beyond. This work is based on a formal process for determining priority functionality and scope.
Scope	Remaining open scope issues are being resolved through the change management and development “blocker” resolution processes.
Schedule	Cover Oregon continues to build and update a comprehensive schedule as is outlined in the organization’s schedule management process. New discovery will occur but Cover Oregon and HIX-IT have established adequate controls. Cover Oregon is also working closely with OHA to identify and mitigate project dependencies.
Budget	Cover Oregon agrees that by increasing Oracle development and testing staff to complete the first release has had an overall impact to the budget. Cover Oregon is also contracting directly with the vendors as part of the transition from OHA. The Cover Oregon budget is completely stand-alone.
Funding	In February 2013, Cover Oregon received Federal approval of its \$226 million Level 2 funding request. Approximately \$90 Million is for IT.
Board Governance	MAXIMUS correctly notes that the Executive Director and staff routinely meet with the Board and its finance committee, providing members with a variety of informational

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	documents.
Inter-Org Coordination	Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to planning the operations for Medicaid processing. Medicaid interfaces have been delivered and are moving into testing. Cover Oregon is currently utilizing PM staff for reporting and external interface management. On an ongoing basis the CO dependency on OHA will be exclusive to Medicaid interfaces & some Medicaid support operations.
Organizational Management	Cover Oregon agrees that the organization is growing at a very quick pace. The organization and its staff are adapting and managing to change.
Human Resources	The scope of the staffing strategy takes into account the need to manage from the hardware to application configuration and management. Finalizing scope deferral will help Cover Oregon address potential staffing/resource needs.
Stakeholder Management	Cover Oregon continues its proactive outreach and stakeholder communication efforts.
Communication's	The marketing and communications teams are preparing for any changes in initial launch so that expectations can be set with stakeholders and consumers, and marketing materials are appropriate to the situation.
Project Management	Cover Oregon agrees that scope and schedule must be managed very closely through final development.
Contract Management	Cover Oregon utilizes a Work Breakdown Structure (WBS) to identify activities to be completed on the way to Day 1 of open enrollment. Tasks that are assigned to contractors have been identified and are being tracked, as are other resources.
Product Content	Product content is now managed by CO. The findings in this report are outdated. Security implementation is well defined, Medicaid interfaces are developed. The technical documentation is in progress including architecture, technical and functional design. For Release 1.1 the expectation is that Oracle will be design complete before starting development on 10/2.
Testing	Cover Oregon is now managing the entire testing effort and is increasing level and detail of test reporting. Cover Oregon will closely coordinate the parallel aspects of all testing.

SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/ eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/ likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/ unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

Att A: Detailed Security Concerns (July 2012 Findings)

Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
 - o Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
 - o Identity proofing approach is currently unclear. Identity proofing is required to provide assurance of non-repudiation. Identity proofing of some form will be required by the Exchange due to the nature of the environment.
 - o Identity proofing is currently at the individual level only. It is unclear how an employer, broker, employee, etc., will be proofed in the system for their specialized role.
 - o Internal staff roles in the system are not defined.
 - o External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Identity proofing can be costly and can have a customer usability impact. If the ID proofing is considered to be too cumbersome by the public it can affect the use of the Exchange by the general public.
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.
6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

Recommendations:

- 1 Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.
- 2 Identity proofing: Cover Oregon should understand the requirements from CMS, IRS, etc with regards to what level of ID proofing is required prior to developing the IDM strategy. For more on Federal ID proofing levels please refer to NIST 800-63.
- 3 Identity proofing: Identity proofing techniques are both a Business and a IT decision. Cover Oregon will ultimately need to bear the risk that the selected approach poses (legal and user acceptance). Cover Oregon should take an active role in deciding and vetting the approach with the IRS, State DOJ and potential customers of the Exchange. Again, this is the front door to the Exchange access as should be a balance between business efficiency (customer acceptance) and security.
- 4 Identity Proofing/verification: There may be multiple layers of Identity proofing/verification required. Some users may need to provide proof as an individual only, Broker, and / or employer/employee. Cover Oregon should clearly define the requirements to HIX-IT and expect HIX-IT to create a detailed design document for ID and account management that is vetted with Cover Oregon.
- 5 Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.
- 6 External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon of necessary.
- 7 (Closed)
- 8 Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.
- 9 Closed.
- 10 Where possible, full mock-ups or prototyping of the Identity proofing and external self-administered roles should be made available to the business to determine the usability impact to the customer experience prior to implementation. This determination should use market research and data to fully justify the decisions made.

Att B: Detailed Tracking and Reporting (Updated June 2013)

Finding:

- The full scope of the project development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
 - o There are a number of areas that need developed, including:
 - Use cases (general configuration of HIX-IT Components)
 - Interfaces to external IT Systems
 - User Interface
 - Oracle Policy Automation rule development
 - Security
 - Content Management
 - Data classification and segmentation
 - Rework and refinement
 - o (Closed) Currently the CO Project Management is reporting the state of the 200+ use case work packages as a method of tracking project progress to Cover Oregon Management. While this is important, it only represents a portion of the overall IT development work. For example, current use case iterations being reported on may only comprise 45% of the overall IT work.
 - o (Closed) The current use cases that have been developed in iterations 9 through 12 are reported as "completed". According to the HIX-IT Product Planning document they are still rated as "blue" or incomplete due to the additional items identified above.
 - o Requirements completion tracking is not in effect. Requirements/changes to requirements is ongoing.
 - o CO is tracking progress against Use Cases and Level of Effort. These metrics are better than before, however, they do not provide a good schedule view which include dependencies is not accurate reporting to management.
 - o Areas of the project do not track their progress using Use Cases and/or LoE, This disjointed reporting does not provide and accurate picture of the overall LoE of the project.

Risks:

1. Measuring Exchange Development progress via the number of use cases and LoE only will cause incorrect expectation setting and confusion on the part of Cover Oregon management over the coming months.
2. Calling use cases "complete" is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.
3. Lack of requirements monitoring and tracking will cause the timeline to continue to slip.
4. Without clear understanding of dependencies and connection to application development LoE accurate or reasonable timelines cannot be established and reported to management.
5. Lack of consistent estimating techniques among the various groups will result in surprises with respect to the delivery of items that are considered dependencies from other groups.

Recommendations:

- 1 Cover Oregon should work with HIX-IT Program Management to establish a more comprehensive methodology for estimating the level of effort required for the major components of the project. Understanding dependencies of these groups is critical to reporting an accurate schedule.
- 2 The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.
- 3 Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress, i.e., provide a more holistic reporting of the project development tasks
- 4 (Closed) The development areas and metrics identified above should be reported to Cover Oregon's management monthly basis at a minimum.
- 5 Dependencies should be included in estimating the overall timeline of the project, not just LoE and Use Cases.

Att C: (Closed) Contingency Planning (Sept 2012 Finding)

Findings:

OHA OIS has embarked on a significant change in the technology and methodology for deploying and redeploying new and existing applications. Any one of these changes individually would require significant effort for the organization. These challenges are exacerbated by the deadline for delivering a Health Insurance Exchange. The changes that OHA has made and/or is currently making include:

- 1 Assuming the role of prime contractor for the overall state development effort.
- 2 Deploying technology that is largely new to OHA.
- 3 Deploying an integrated enterprise architectural vision that is largely new to OHA.
- 4 Deploying a new software development lifecycle (iterative) that is new to OHA.
- 5 Re-organizing the delivery model (centralized model) for IT projects within OHA.
- 6 Standing up new processes to support this new delivery model.
- 7 Merging the technology and business operations of three organizations (OHA, DHS and CO) and attempting to develop a “no wrong door” approach (see attachment D).

Furthermore, OIS does not have experience in estimating level of effort within the HIX-IT project team or within OIS foundational services team using a common estimation methodology. It may take several iterations to sync the methodologies when they are stood up.

A risk was raised by the Oracle development team regarding the use of a single instance of WebCenter for development. Oracle recommended that separate instances be used as the planning and coordination issues are considerable and likely will slow development. It is our understanding that a decision has been made by OIS foundational services (no written decision has been made available) to use a single instance.

Application and architecture decisions require Modernization agreement prior to implementation. The projects are on different timelines, have only partially overlapping priorities and have a different sense of urgency. See matrix below for priorities.

Individual Tax Credit
 SHOP Tax Credit
 MAGI (Medicaid/CHIP)
 eligibility, shopping and
 enrollment only
 Non-Magi

	P3	P2	P1
	NA	NA	P1
	P2	P1	P2
			P3

Other Medical
 Non medical

		NA
P1	P4	NA

The OIS and HIX-IT overall governance structure as stated in the Project Charter does not appear to be functioning. This process needs to be clarified, documented and made balanced and transparent for the business, and all development teams going forward.

OIS does not appear to have formal, detailed, documented, functioning, transparent technical governance or data governance committees.

The software applications are expected to be merged for the first time towards the end of the HIX-IT project. This has never been attempted within the OHA development teams to date. The technical components of the merge are known to some degree, but how the organization will approach and deal with "collides" on a business level has never been done in OHA/Cover Oregon.

OHA must produce, sync and baseline a variety of detailed schedules (HIX-IT, Modernization, Security, MDM, Environments, OPA/application business rules, SOA, Webcenter, PeopleSoft, IVR, UI, OBIE and CO) for this project to be successful.

OHA and the HIX-IT project has slipped a number of proposed deadlines to date (see scheduling section). Cover Oregon has a schedule that is highly dependent on the HIX-IT, Modernization, and OIS foundational services schedules. And vice versa.

A number of basic project processes are not fully implemented within the OIS project structure (e.g., change control, testing, common estimation methodology, common schedule methodology, common activity diagramming methodology, etc.)

The current high level CO Timeline and the more detailed MS Project Schedule do not have specific usability testing activities identified.

Risks:

- 1) With the project deadline less than 1 year away and the lack of a stable and experienced organization, development and delivery teams within OHA as well as the requirements delay within CO, the probability of missing the target date is currently an issue.

Recommendations:

- 1 CO should prepare a number of trigger points over the remaining timeline of the project to ensure that scope is continually sized to meet the target date. For example, on November 5th 2012 OHA OIS is scheduled to deliver a detailed project schedule for the remainder of the HIX-IT project. On this date, CO should

have a formal review with the OHA CIO, HIX-IT, foundational services project teams and QA to understand in detail the project approach, schedule, dependencies and issues. This information can then be utilized to gauge the progress against an internal CO confidence checklist. The objective of this review should be to determine if significant components of scope should be deferred. Each trigger point would have a different checklist depending on where the project is on the timeline. An example of a checklist for Nov 5th could be as follows:

- Can scope be locked?
- What percent of scope is outstanding?
- Are schedules for all of the project areas complete, detailed, synced, and tracked using a common methodology?
- Are all project schedules being developed with a common estimation methodology?
- Are key dependencies identified within the schedules and are they listed for the executive management to review?
- Do the schedules have any slack in them and/or does all the scope fit within the current schedule?
- Do the schedules allow for any refinement once the system is constructed?
- Do the Oracle teams agree with the schedules?
- Have Modernization and CO documented the integration points within the application for "No Wrong Door"?
- Is the data that is to be passed from each application clearly documented?
- Is HP ALM operational?
- Are the test teams on board?
- Is there a functional, technical and data governance structure that is balanced and transparent to CO in place and operational?
- Are notes and decisions from these committees clearly documented for the development teams to build from?
- Etc.

The answers to this checklist can then determine a go/no-go for the current scope. If the decision is a no-go for the current scope, CO should have a list of predefined, prioritized and agreed to scope reduction options that can be employed immediately. Scope reduction options could be looked at from a horizontal (across all CO application components) and then, if need be, from a vertical application perspective. An example of scope reduction options could be as follows:

Scope reduction examples from a horizontal perspective:

- Reduce the complexity of the current architecture.
- Defer the merge and rebaseline of code until after go live.
- Implement separate instances of Oracle components that are dependent on interagency business integration.

- Reduce the dependency on the integration with other programs by deferring the “No Wrong Door” approach.
- Implement UI wireframes using Siebel.
- Etc.

Scope reduction examples from a vertical perspective:

- 1 Defer significant portions of the PeopleSoft components and process the billing manually.
- 2 Defer electronic plan loading from the Carriers.
- 3 Defer online Medicaid eligibility, plan selection and enrollment within the Exchange and process them manually.
- 4 Etc.

Each of these options would be pre-sized so that depending on the amount estimated schedule variance or slack desired by CO an equal amount of scope can be deferred. For example, if the schedule is off by 20% and reducing the complexity of the architecture can save 20% in the schedule then this would be employed because it is prioritized high and equals the needed time savings.

The formality of this process will give CO executive management a clear understanding of the project status and enable them to pull the appropriate levers to make the project successful at a variety points in the upcoming year.

Att D: “No WrongDoor” Cooperation (Sept 2012 Finding)

Findings:

OHA/DHS and CO have a general agreement to create a “no wrong door” approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a “to-be”, future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

- Lack of a clear, detailed, integrated view of “no wrong door” will hamper a smooth implementation of this vision
- Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the “no wrong door” approach in time for the October 2013 opening the Exchange.
- Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
- Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
- Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
- Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is

implemented in a timeframe and manner that fits the vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

- The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:
 - General vision of all the leaders.
 - Scope, which identifies all the agency programs that are required to participate in the effort.
 - Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
 - Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
 - High level deliverables, such as:
 1. All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:
 2. Identification of all policy changes for each program with respect to the "no wrong door" initiative.
 3. Identification of the following information about each on-line application:
 4. General screening requirements for all programs (Medicaid, QHP, etc).
 5. Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
 6. Specific data elements that is required for each application when they are passed from another application.
 7. Identification of a common point of transfer (after screening, after application completion, etc.)
 8. Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
 9. Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
 10. Identification of the agency that will handle processing of specific applications/or portions of applications.
 11. "Warm" handoff of clients that call in and require a transfer to another agency.
 12. Identification of common staffing of support and customer service centers, if required.
 13. Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
 14. Recommendations for the content of an integrated transition plan.
 15. High-level schedule, including definition of "no wrong door" process flows and detailed requirements.

Att E: (Closed and Deleted) Architecture Simplification (Nov 2012 Finding)

Texted deleted by MAXIMUS

Att F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

- 4 Individual authentication and ID proofing process
- 5 Employer authentication and ID proofing process
- 6 Medicaid authentication and ID proofing process.
- 7 Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products.

Cover Oregon Response: Because of the nature of Cover Oregon and the type of info it will be gathering and sharing (PMI), it will need to be HIPPA compliant (which includes PMI requirements), we need to make sure we are addressing those requirements in this attachment, or some other attachment.

Cover Oregon met with the state to get that process started. There is a checklist of all the things that the state feels Cover Oregon will need to address in order to meet the Federal HIPPA requirements. The Security Officer that Cover Oregon is in the process of hiring should own the completion of the processes laid out in this checklist as well as develop a timeline for completing all of the items in the above mentioned checklist then add those major milestones in Cover Oregon's project plan so there is wider visibility on the completion of those major milestones.

The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.

Cover Oregon Response: Cover Oregon has been working closely with Oracle and the State to ensure that all applications & required hardware are compliant with all security requirements

4. Validate that the implemented system has met the required assurance level.

Cover Oregon Response: The new Security Officer that Cover Oregon is in the process of hiring will conduct this, and will be part of the "timeline" referenced above.

5. Periodically reassess the information system to determine technology refresh requirements.

Cover Oregon Response: This will be part of the policies & procedures that the new Security Officer will be finalizing upon their hiring.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, 'This document will assist agencies in determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This responsibility extends to electronic authentication systems.' This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.

Cover Oregon Response: Cover Oregon started the process of working with the State on this assessment, and definition of ongoing policies and procedures to ensure compliance now and into the future.

The state will need to make an initial response to the Federal Government on the steps that Cover Oregon has taken and will need to take over in the coming months to comply with all Federally mandated HIPPA and other security requirements. Various Cover Oregon resources are engaged in this effort.

Risks:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Both sides (technical and business) will state that it is too late to conduct the risk analysis. This may be true for the April 30th deadline, however, if the initial system proves to be too cumbersome to navigate during usability testing or too easy to compromise, a system retool may be necessary prior to Oct 1 launch. Without a proper risk analysis the retool runs the risk reopening the debate between technical and business groups and/or of moving the system to the other extreme.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an "Early Innovator Grant" with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.
- Federal regulations require Cover Oregon to comply with HIPPA requirements due to the PMI information CO will be gathering and sharing through the exchange. Failure to comply with these requirements could result in sizeable fines and/or shutting down the exchange

Recommendations:

- Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.

Cover Oregon Response: The state is working on this report with the support of Cover Oregon.

- (In process) Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.

Cover Oregon Response: Cover Oregon will take this into consideration

- Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.

Cover Oregon Response: Cover Oregon needs to hire a Security Officer who will ensure all required policies and procedures to meet the HIPPA requirements are completed. By working with the state, the Security Officer will validate Cover Oregon meets all HIPPA requirements prior to "go-live" and has the ongoing reviews, validations and audits required to ensure continuing compliance with those same HIPPA regulations.

Att G (Updated May) Scope Management and Product delivery (Feb 2013 Original Finding)

Cover Oregon Response: Cover Oregon has deployed a business-driven Scope Management process that supplements original scope management work that began in August 2012. The basic process includes:

- A recurring meeting that includes a cross-organizational team of executives and decision makers.
- An information-based approach that considers mitigation opportunities through: (1) reducing/delaying scope; (2) increasing development capacity, and; (3) expanding the development timeline.
- A regular update and evaluation of scope delivery metrics that allows immediate adjustments and additional actions to be taken.

The results of this process have been positive. The team realizes that there is still considerable risk that must be managed. The following changes have occurred so far:

- Technical interfaces have been reduced from 62 to 39 -- a 37% reduction in interface scope.
- At-risk Medicaid data exchange scope has been managed through communication of a "must have" 4/1 date for completion with planned work-around by Cover Oregon if not delivered. Expectations for what will be delivered on 4/1 were clearly articulated to OHA partners.
- Less than 2 months ago, Maximus estimated that the functional scope was 5 months behind with development work (including merge and rebase; the most recent estimate is approximately 30 days.
- Foundational services scope, while still a struggle for Cover Oregon to affect within OHA/OIS, has seen progress and is now integrated into the functional scope dependencies and management process.

In addition to the work mentioned above, other practices have been deployed to expedite scope issue resolution and decision-making. A 3 x weekly "Scrum" call provides cross-functional issue resolution and tracking with the JIRA system. Most recently, a 3x weekly Development Blocker Resolution meeting was deployed and deemed successful by all involved. Cover Oregon has carefully considered the input provided by Maximus and remains open and attentive to the high quality assistance that has been provided on this project. Cover Oregon also realizes that continued focus must be applied to scope management to navigate toward a successful 10/1/2013 launch date.

Findings (Updated May):

Additional Scope has been deferred to 12/1/13 in order to achieve the Oct 1st delivery date. Details of the deferment are not yet published. It is expected that the deferment is focused primarily on back office functions and functional components not required for pre-enrollment, i.e., customer service, billing, etc.

A 20% slack was added to the schedule as part of the scope deferment.

A business use case process has been instituted and is beginning to prove effective in the scope management process.

Risks:

- Past deferment efforts have proved insufficient due to an over optimistic expectation of requirement elaboration containment, task dependency control and development level of effort estimation. It is unclear how this process has changed to correct past estimation errors.
- Scope deferment requires effort from BA's, SME's, development and test personnel. LoE and may not be accounted for in the deferment process.
- 20% slack is probably not sufficient, 30+ % was recommended by QA months ago and this proved to be optimistic.
- Testing schedule will continue to be compressed as additional issues arise and have to be mitigated for in the schedule.

Recommendations:

1. Closed.
2. Closed.
3. Closed.
4. Additional slack should be provided for in the schedule beyond the 20% currently estimated.
5. Continue to refine the Business Case process by challenging the SME's to detail and refine their facts and estimates used in their justifications.
6. CO should prepare for additional scope deferment or schedule slip to the Oct 1st date.



**Oregon Health Insurance Exchange Corporation
(ORHIX) / Cover Oregon (CO)
Monthly Quality Status Report**

July 2013

Deliverable #2.1.g

DRAFT

Dated: August 20, 2013

TABLE OF CONTENTS

SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

- 1 **Initial Risk Assessment** - identification of initial risks facing CO
- 2 **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
- 3 **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of July, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

Since July 2011, the Oregon Health Authority (OHA) has led the design and implementation of the Health Insurance Exchange – Information Technology (HIX-IT) solution, building upon the Oracle products and Enterprise architecture envisioned by the State of Oregon.

SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while 10 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall high (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and was dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of July, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex system delivery.
- CO has signed up 1,700 Agents to participate in the Exchange.
- CO has trained 1,000 of those Agents on the prototype system.
- CO is continually tightening the requirements change process to help stabilize the requirements for the first release.
- CO added additional development staff in an effort to incorporate as much scope as possible for the Oct release.

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- CO is developing contingency plans to help ensure that scope that is not completed can be worked around for launch.
- Significant progress continues to be made with the development and delivery of the Medicaid interfaces into MMIS.
- CO is developing a launch checklist to determine readiness at launch.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	QA Risk Level	Priority QA Finding and Recommendations	CO Risk Level	CO Response
OVERALL HEALTH		<ul style="list-style-type: none"> See below for specific priority recommendations. Continue to review, update, and track all outstanding quality risks and recommendations. 		<ul style="list-style-type: none"> The project health remains high risk as we approach 10/1.
Business Mission and Goals		<ul style="list-style-type: none"> CO continues to develop a System Launch plan. This effort is intended to synchronize the development, business operations and marketing efforts for the initial launch. 		<ul style="list-style-type: none"> Yes the Launch Plan, Go Live Checklist and Contingency Planning efforts are the Cover Oregon efforts to prepare for Go Live.
Roadmap	Med	<ul style="list-style-type: none"> The roadmap for the first release will be in flux until final development sizing for the remaining iterations are completed. This work is expected to continue into the final iteration. A second release of the system is expected to take place in Dec of this year. This release will have features that are not critical for the Oct release, but critical for the Jan 1st date. A roadmap business case process has been instituted and tested. 	Med	<ul style="list-style-type: none"> The final scope for 10/1 is defined, with At Risk items identified and tracked as part of daily and weekly escalation mtgs. Releases for Full Launch and Enrollment in Oct and November are planned, in addition to the December 1.1 release. Additional releases beyond December have been discussed but have not yet been finalized.
Scope		<ul style="list-style-type: none"> The current CO release strategy is to launch all three lines of business Oct 1st 2013. This release is targeted to only Agents and Community Partners. CO has deferred the Medicaid Assessment work for the Oct release. The current plan is to implement Medicaid eligibility and enrollment for the Oct release. This increases the dependency on OHA delivering their interfaces into the legacy systems. See attachment G (updated) for detailed findings and recommendations. 		<ul style="list-style-type: none"> Yes, this is all accurate for this point in time.
Schedule		<ul style="list-style-type: none"> Develop and publish schedule variance reports for all three schedule components. Variance reports should be used to identify estimation issues and minimum slack requirements in future scheduling activities. Continue working towards a integrated and resource loaded schedule for HIX-IT and OIS foundational services. Continue to identify project dependencies and critical 		<ul style="list-style-type: none"> CO is closing down the Schedules for 10/1 and will be starting a new schedule for release 1.1 that is a technology integrated schedule. New schedule to include Release 1.1 deliverables across all teams including previously known as "foundational services", Environments delivery and production readiness

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Table 2: QA Risk Level Tracking

Quality Rating Category	Oct '12	Nov '12	Dec '12	Jan '13	Feb '13	Mar '13	Apr '13	May '13	June '13	July '13
OVERALL HEALTH										
Business Mission and Goals	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>				
Roadmap	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>
Scope										
Schedule										
Budget	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>
Funding	<i>M</i>	<i>M</i>	<i>M</i>							
Board Governance										
Inter-Org Coordination										
Organizational Management	<i>M</i>									
Human Resources	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>
Stakeholder Management										
Communication	<i>M</i>						<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>
Project Management	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>				
Contract Management	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>				
Product Content										
Testing	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>						

SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of July, 2013.

Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

Table 3: Detailed Quality Standards Scorecard

Quality Rating Category	May2013	June 2013	Risk Assessment Finding, Risks, and Recommendations
O M			
Business Mission and Goals (BMG)			
			<p>Findings During Period:</p> <ul style="list-style-type: none"> CO continues to develop a System Launch Plan. This document is expected to further detail the various exchange functions and plans for the first release of the exchange. The business mission and goals between OHA and CO are not fully aligned with respect to Medicaid. Work is being done in this area and significant progress is being made, however, the cultures and timelines are different. CO has formally notified OHA of their expectations, trigger events and dates they will use to determine if a contingency plan must be implemented for the Oct 1st release. IGA's are expected to be in place and verified by 9.1.13. <p>Risks:</p> <ol style="list-style-type: none"> Closed Without clear understanding, communication and alignment of the deadlines and priorities for the Oct 2013 release between the business units (CO, OHA) may result in delayed launch for Medicaid. Without a detailed system launch plan, coordination of IT, OPS and Marketing may not be in full alignment for the launch window. <p>Recommendations:</p> <ol style="list-style-type: none"> Closed. Closed. Closed. (In process) The detailed system launch plan is intended to be an extension of the business model for the Exchange. This document should detail all relevant assumptions, risks, constraints and contingency plans. Update in detail, all revenue projections with justification of why they are valid. Update, in detail all costs with justification of their validity. This information should be used to model and determine long-term sustainability in a variety of circumstances. Clearly identify the business roadmap and ensure that it is connected with the business modeling and Business Plan. Closed. Closed. Closed Closed Closed Finalize the IGA's with OHA concerning Medicaid operations as soon as possible.
Roadmap (RM)	Med	Med	
CO			<p>Findings During Period:</p> <ul style="list-style-type: none"> A roadmap business case process has been instituted. The first business cases are rudimentary and it is expected as the process matures that more sophisticated analysis will be provided with the business case. The roadmap for the first release will be in flux until all dependencies and development efforts are fully identified and properly estimated. Additional scope may need to be deferred as a more detailed level of effort is provided. See Att G detailed findings and recommendations. A second release of the system is expected to take place Dec of 2013. This release will have

SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	The Go-Live Launch team has been established and the plan is being developed. Cover Oregon agrees that the coordination between OHA/DHS and Cover Oregon policy and business operations is vital to planning operational procedures for Medicaid processing. Cover Oregon is working closely with OHA to clarify dates and expectations. OHA and Cover Oregon leadership are working together to resolve the Medicaid scope issue. OHA, DHS and Cover Oregon staff have been working together on multiple “work streams” related to Medicaid processing with decisions coming out of those meetings and being approved by OHA, DHS and Cover Oregon leadership authorized to finalize and sign off on these decisions. The launch plan is being developed to ensure successful day 1 (10113) operation.
Roadmap	The current road map outlines the products, services and functionality that will be delivered in Version 1.0 of the exchange. A cross-functional team is compiling and prioritizing products and services for post-1.0 upgrades in 2014, Version 2.0 and beyond. This work is based on a formal process for determining priority functionality and scope.
Scope	Remaining open scope issues are being resolved through the change management and development “blocker” resolution processes.
Schedule	Cover Oregon continues to build and update a comprehensive schedule as is outlined in the organization’s schedule management process. New discovery will occur but Cover Oregon and HIX-IT have established adequate controls. Cover Oregon is also working closely with OHA to identify and mitigate project dependencies.
Budget	Cover Oregon agrees that by increasing Oracle development and testing staff to complete the first release has had an overall impact to the budget. Cover Oregon is also contracting directly with the vendors as part of the transition from OHA. The Cover Oregon budget is completely stand-alone.
Funding	In February 2013, Cover Oregon received Federal approval of its \$226 million Level 2 funding request. Approximately \$90 Million is for IT.
Board Governance	MAXIMUS correctly notes that the Executive Director and staff routinely meet with the Board and its finance committee, providing members with a variety of informational

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	documents.
Inter-Org Coordination	Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to planning the operations for Medicaid processing. Medicaid interfaces have been delivered and are moving into testing. Cover Oregon is currently utilizing PM staff for reporting and external interface management. On an ongoing basis the CO dependency on OHA will be exclusive to Medicaid interfaces & some Medicaid support operations.
Organizational Management	Cover Oregon agrees that the organization is growing at a very quick pace. The organization and its staff are adapting and managing to change.
Human Resources	The scope of the staffing strategy takes into account the need to manage from the hardware to application configuration and management. Finalizing scope deferral will help Cover Oregon address potential staffing/resource needs.
Stakeholder Management	Cover Oregon continues its proactive outreach and stakeholder communication efforts.
Communication's	The marketing and communications teams are preparing for any changes in initial launch so that expectations can be set with stakeholders and consumers, and marketing materials are appropriate to the situation.
Project Management	Cover Oregon agrees that scope and schedule must be managed very closely through final development.
Contract Management	Cover Oregon utilizes a Work Breakdown Structure (WBS) to identify activities to be completed on the way to Day 1 of open enrollment. Tasks that are assigned to contractors have been identified and are being tracked, as are other resources.
Product Content	Product content is now managed by CO. Security implementation is well defined, Medicaid interfaces are developed, are in testing. The technical documentation is in progress including architecture, technical and functional design. For Release 1.1 the expectation is that Oracle will be design complete before starting development on 10/2.
Testing	Cover Oregon is now managing the entire testing effort and is increasing level and detail of test reporting. Cover Oregon will closely coordinate the parallel aspects of all testing.

SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/ eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/ likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/ unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

Att A: Detailed Security Concerns (Update July 2013 Findings)

Findings:

- The current Identity and Access Management (IAM aka. IDM), Single Sign On (SSO), External Self-Administered Role and Role Based Access (RBAC) strategy is not well defined and can be characterized as follows (Note: this information was identified in the recent HIX-IT Logical Structure of Account 4 Whitepaper):
 - o Every user in the system will have single sign-on capability in the system. This means that individual and business functions are comingled in accounts.
 - o Internal staff roles in the system are not defined.
 - o External roles are intended to be self-administered, i.e., a user can join or revoke other users into and out of their accounts.

Risks:

1. Comingling of individual and business accounts is highly unusual especially in the health insurance field. While it seems like a convenience, it may not be desirable from a user, technical, or security perspective. For example, an individual user may also be a Broker. This person may log into their account at home on their personal computer. If this computer is infected with key logger, user account login information could be compromised. A malicious user would then have access to the Brokers personal account and also their Broker account which potentially compromises other employer accounts the Broker may be attached.
2. Closed
3. Additional levels of verification may need to be exercised for different roles in the system, For example, how will a Broker prove they are a legitimate Broker in the system? Not clearly planning, defining and detailing the strategy up front can result in significant delay or work stoppage in the project due to security, usability or technical issues that will continue to pop up in the project without a proper strategy and planning effort.
4. Internal system role definition may alter the expected business workflow of Cover Oregon. Doing this work later in the development or after the system is developed can cause rework and or surprises in staff workflow.
5. External self-administered roles currently known in the industry as Enterprise Dynamic Access Control (EDAC) create additional complexity of the public user experience. These types of architectures are relatively new for public use environments and if deemed too complex and not intuitive for average users, it can result in nonuse of the Exchange by the public.
6. Exchange liability for fraudulent activity due to ineffective identity management and self-administered roles is not fully evaluated. For example, Cover Oregon may be held liable or publicly embarrassed if a person fraudulently became a broker in the system and was found to be attached to a number of large Employer accounts. These types of externally, self-administered implementations are relatively new and fraught with risk for a known marketplace, let alone a marketplace in its infancy.

Recommendations:

- 1 Account comingling: Cover Oregon should find an existence proof of individual and business comingling approach in the health care field prior to implementing this strategy. If precedence is

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- found in the market, Cover Oregon should seek out the entity and be thoroughly briefed by the entity prior to making this decision.
- 2 Closed
 - 3 Closed
 - 4 Closed
 - 5 Internal role definition: Cover Oregon should overlay role requirements on their internal workflow diagrams to ensure these are identified early in the development process. There are a number of engineering articles on methods for diagramming these requirements.
 - 6 External Self-Administered Roles: Research should be conducted by Cover Oregon to fully understand what the failure rates of these types of implementations from a usability perspective. An expert should be consulted to guide Cover Oregon if necessary.
 - 7 (Closed)
 - 8 Reviewing analogous IDM and External Enterprise Dynamic Access Control implementations in the market place should be conducted by Cover Oregon. A comprehensive, detailed strategy should be developed and vetted by Cover Oregon and potentially an independent expert in this field.
 - 9 Closed.
 - 10 Closed

Att B: Detailed Tracking and Reporting (Updated June 2013)

Finding:

- The full scope of the project development work is not fully articulated to management at Cover Oregon in a comprehensive manner. The issues are as follows:
 - o There are a number of areas that need developed, including:
 - Use cases (general configuration of HIX-IT Components)
 - Interfaces to external IT Systems
 - User Interface
 - Oracle Policy Automation rule development
 - Security
 - Content Management
 - Data classification and segmentation
 - Rework and refinement
 - o (Closed)
 - o (Closed)
 - o Requirements completion tracking is not in effect. Requirements/changes to requirements is ongoing.
 - o CO is tracking progress against Use Cases and Level of Effort. These metrics are better than before, however, they do not provide a good schedule view which include dependencies is not accurate reporting to management.
 - o Areas of the project do not track their progress using Use Cases and/or LoE, This disjointed reporting does not provide and accurate picture of the overall LoE of the project.

Risks:

1. Measuring Exchange Development progress via the number of use cases and LoE only will cause incorrect expectation setting and confusion on the part of Cover Oregon management over the coming months.
2. Calling use cases "complete" is problematic and may cause incorrect expectation setting and confusion on the part of Cover Oregon.
3. Lack of requirements monitoring and tracking will cause the timeline to continue to slip.
4. Without clear understanding of dependencies and connection to application development LoE accurate or reasonable timelines cannot be established and reported to management.
5. Lack of consistent estimating techniques among the various groups will result in surprises with respect to the delivery of items that are considered dependencies from other groups.

Recommendations:

- 1 Cover Oregon should work with ORACLE Program Management to establish a more comprehensive methodology for estimating work to completed and the level of effort required for the major components of the project. Understanding dependencies of these groups is critical to reporting an accurate schedule.

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- 2 The estimating methodology established above should be closely monitored by Cover Oregon to determine its accuracy over the next few months.
- 3 Cover Oregon PM should clearly articulate, via significant development areas and metrics, the IT development work in a manner that clearly represents a more comprehensive view of the project and progress, i.e., provide a more holistic reporting of the project development tasks
- 4 Closed
- 5 Dependencies should be included in estimating the overall timeline of the project, not just LoE and Use Cases.

Att C: (Closed) Contingency Planning (Sept 2012 Finding)

Texted deleted

Att D: “No WrongDoor” Cooperation (Sept 2012 Finding)

Findings:

OHA/DHS and CO have a general agreement to create a “no wrong door” approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. This requires the businesses be aligned from both the operational perspective and the informational technology perspective to create a “to-be”, future business state model. This is truly a transformation to the way that health coverage is to be administered across the state. Unfortunately, there is no clear authoritative document that defines the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities.

This overall business transformational effort that is being under taken is also not currently being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

For example, technical/architectural decisions are being made that may not fully align with the intent of the CO business model. The situation is aggravated by the lack of clear and comprehensive documentation for interagency cooperation with respect to requirements, process interface points, data passing, data sharing, portal entry and exit points, identity and access management, and document sharing.

Risk:

- Lack of a clear, detailed, integrated view of “no wrong door” will hamper a smooth implementation of this vision
- Lack of clear direction, governance, and delegation of authority from the OHA, DHS and CO leadership will result in a missed opportunity to integrate the “no wrong door” approach in time for the October 2013 opening the Exchange.
- Lack of a formal structure for this interagency business project will result in open ended work that may or may not yield sufficient information in time to be incorporated into the development schedule.
- Without clear direction/requirements from the businesses, technical decisions will be made that may or may not align to the long term operational plan for the businesses. This may require rework or additional future project to realign the technical decisions being made.
- Without clear operational agreements, staff will not be efficient in executing required transitional tasks for their programs, e.g., process reengineering, job reclassification, resource plans, inter-program agreements, etc.
- Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is

implemented in a timeframe and manner that fits the vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

- The Executive Directors from OHA and CO should commission the business leaders to draft a charter document for interagency transition project. An example of the makeup of a charter document may include:
 - General vision of all the leaders.
 - Scope, which identifies all the agency programs that are required to participate in the effort.
 - Governance structure that identifies the two Executive Directors of OHA and CO as the sponsors identifies the business executive's steering committee and their responsibilities.
 - Assignment of a project manager and scheduler that will produce a baseline schedule within 15 calendar days of charter implementation.
 - High level deliverables, such as:
 1. All relevant agencies submit detailed information to a "no wrong door" operational and technical plan that will identify the "to-be" operational and technical requirements. This document will be required to be delivered to the steering committee no later than 45 calendar days after the project charter is released. This document should include:
 2. Identification of all policy changes for each program with respect to the "no wrong door" initiative.
 3. Identification of the following information about each on-line application:
 4. General screening requirements for all programs (Medicaid, QHP, etc).
 5. Detailed map of how clients will access each program through the on-line portal (client direct, community partner, navigator staff portal, etc).
 6. Specific data elements that is required for each application when they are passed from another application.
 7. Identification of a common point of transfer (after screening, after application completion, etc.)
 8. Identification of a common point of entry from a transfer (at additional screening point, selection of benefit, etc.)
 9. Identification of the following information about their handling of paper and fax applications, phone/IVR applications:
 10. Identification of the agency that will handle processing of specific applications/or portions of applications.
 11. "Warm" handoff of clients that call in and require a transfer to another agency.
 12. Identification of common staffing of support and customer service centers, if required.
 13. Identification of any issues, risks, barriers, roadblocks or concerns to implementing the operational and technical plan. Along with any roadblocks, barriers or concerns, the agency should propose a solution or solutions as a remedy.
 14. Recommendations for the content of an integrated transition plan.
 15. High-level schedule, including definition of "no wrong door" process flows and detailed requirements.

Att E: (Closed and Deleted) Architecture Simplification (Nov 2012 Finding)

Texted deleted

Att F: Risk Analysis for Security Implementation (Jan 2013 Finding)

Finding:

A formal security risk assessment has not been conducted on the following items:

1. Individual authentication and ID proofing process
2. Employer authentication and ID proofing process
3. Medicaid authentication and ID proofing process.
4. Co-mingling of business and user functions within the same user account.

The standard approach to implementing security controls is to utilize best practices as a guideline. Typically NIST 800 series documents are considered best practice guidelines and should be utilized in conjunction with other vendor best practices if available. Typically vendor best practices also rely on the NIST and other federal and industry documents and provide additional details as to how to implement specific products.

The NIST documents typically will use the term guideline in their titles and will often link to other federal documents that are to be considered prior to the reading of the current document. The Office of Management and Budget (OMB) will issue circulars, bulletins and memorandums as guidance to Federal, State and Local governments.

In this area of e-authentication NIST 800-63 'Electronic Authentication Guideline' references the 5 step process from the OMB M 04-04 'E-Authentication Guidance for Federal Agencies'. Page 1 states the following:

OMB guidance outlines a 5-step process by which agencies should meet their e-authentication assurance requirements:

1. Conduct a risk assessment of the government system.
2. Map identified risks to the appropriate assurance level.
3. Select technology based on e-authentication technical guidance.
4. Validate that the implemented system has met the required assurance level.
5. Periodically reassess the information system to determine technology refresh requirements.

This document (NIST 800-63) provides guidelines for implementing the third step of the above process. After completing a risk assessment and mapping the identified risks to the required assurance level, agencies can select appropriate technology that, at a minimum, meets the technical requirements for the required level of assurance. "

Steps 1 and 2 of the 5 step process above are addressed by the OMB 04-04 document. On page 1 of the OMB M 04-04 document it states, "This document will assist agencies in determining their e-government authentication needs. Agency business-process owners bear the primary responsibility to identify assurance levels and strategies for providing them. This responsibility extends to electronic authentication systems." This document also states in section 4.4 "It is also important to match the required level of assurance against the cost and burden of the business, policy, and technical requirements of the chosen solution."

The HIPAA security rule, IRS 1075, NIST 800-63 and OMB 4-4 all recommend a risk analysis as a key part of the process for designing security controls for a government agency.

In general, a good risk analysis not only includes the probability of threats and vulnerabilities from the security perspective, it also includes the burden (cost, complexity and usability) to the business of implementing the recommended security control. It must do this because some security controls may be too costly or too complex for the agency or the public for which they serve.

Risks:

- Enrollment rates and brand perception can be affected by an exchange user experience that is considered too complex or difficult.
- Without a proper risk analysis by a skilled security professional (inclusive of business risks) OHA and CO will be at odds as to what are the technical risks are and how they are balanced against the business requirements.
- The business and technical side, given deadline pressure, will indicate that it is too late for a proper risk analysis and that the project must accept where it is and move forward anyway. This may be true, however, this issue will plague the business for years to come either by reduced online enrollees or by being compromised by malicious actors.
- Without a balanced risk analysis the system design at launch will be dictated by the loudest voices, fear, uncertainty and doubt arguments from both sides of the issue. Typically the technical groups will err on the side of too much security and the business will err on the side of too little security. Both conditions are problematic.
- Without a firm foundation on the true technical risks the security and business groups will be at odds with each other and with CMS and IRS in the future. Lack of foundational analysis will set the stage for a constant rehash of the issues.
- The State of Oregon was given an "Early Innovator Grant" with the understanding that new ground will be broken in many areas. The Federal government expects to be challenged and also to learn from the experiences of the innovator States. These experiences help to shape policy, best practices or federal guidance. The security issues above are very good examples of a new area that will benefit from thoughtful analysis that can be shared with the Federal government and other states going forward.

Recommendations:

1. Request a formal report from the Federal entities on their risk analysis that supports any position they may currently have. Have this report reviewed by an outside security firm that is skilled in balancing security and usability for government and ecommerce systems.
2. Hire a national security firm to conduct research and a security risk analysis that is limited to the scope of the items identified in the findings above. This analysis can then be used to adjust the system security controls prior to, or after the launch if required.
3. Release the research and security risk analysis results to CMS and other states as a model of how to balance security and usability for Health Insurance Exchanges going forward.

Att G (Updated July) Scope Management and Product delivery (Feb 2013 Original Finding)

Findings (Updated July):

Significant scope reduction has occurred by CO over the past couple of months. Additional, development and testing resources have been added to the project to help implement the remaining scope. Scope identified for the first release is still considered large for the amount of time left until launch. To further mitigate this issue CO is considering a controlled or "soft launch" to a limited audience.

Changes to requirements are under a change control process. Unauthorized changes are still making their way into the system however, they are greatly reduced.

Risks:

- If the Oct 1st release is still overscoped it may affect the ability of the organization to deliver the Dec 2013 release of the system.
- Scope deferment requires effort from BA's, SME's, development and test personnel. LoE and may not be accounted for in the deferment process.
- 20% slack is probably not sufficient, 30+ % was recommended by QA months ago and this proved to be optimistic.
- Testing schedule will continue to be compressed as additional issues arise and have to be mitigated for in the schedule.

Recommendations:

1. Closed.
2. Closed.
3. Closed.
4. Additional slack should be provided for in the schedule beyond the 20% currently estimated.
5. Continue to refine the Business Case process by challenging the SME's to detail and refine their facts and estimates used in their justifications.
6. CO should prepare for additional scope deferment or schedule slip to the Oct 1st date.
7. Scope and LoE for the Dec 2013 release should be reviewed. Again 30% slack should be incorporated in the release to allow for requirements adjustments, slippage from the Oct 1st release and rework.



**Oregon Health Insurance Exchange Corporation
(ORHIX) / Cover Oregon (CO)
Monthly Quality Status Report**

August 2013

Deliverable #2.3

Draft

Dated: Sept 13, 2013

TABLE OF CONTENTS

SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

- 1 **Initial Risk Assessment** - identification of initial risks facing CO
- 2 **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
- 3 **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of August, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while 10 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall high (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the system must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and was dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of August, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex system delivery.
- CO has signed up 1900 Agents to participate in the Exchange.
- CO has trained over 1600 of those Agents on the training system.
- CO is continually tightening the requirements change process to help stabilize the requirements for the first release.

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Monthly Quality Status Report: August 2013

- CO added additional development staff in an effort to incorporate as much scope as possible for the Oct release.
- CO has developed contingency plans to help ensure that scope that is not completed can be worked around for launch.
- Significant progress continues to be made with the development and delivery of the Medicaid interfaces into MMIS.
- CO has developed a launch plan that identifies a strategy for a soft launch of the system to a targeted audience.
- CO has gotten approval for the paper applications from CMS.
- WAVE 4 and Regression testing with CMS were successful.
- CO has contracted for an Independent security review of their IRS Safeguard Procedure Report (SPR).
- CO has contracted for Independent Verification and Validation (IV&V) testing for both business applications and security components of the Exchange.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Quality Rating Category	QA Risk Level	Priority QA Finding and Recommendations	CO Risk Level	CO Response
OVERALL HEALTH		<ul style="list-style-type: none"> See below for specific priority recommendations. Continue to review, update, and track all outstanding quality risks and recommendations. 		<ul style="list-style-type: none"> Overall health remains High Risk as final build contains key functionality that remains to be put through testing rigor.
Business Mission and Goals		<ul style="list-style-type: none"> CO continues to refine their System Launch plan. This effort is intended to synchronize the development, business operations and marketing efforts for the initial launch. 		<ul style="list-style-type: none"> Overall launch plan has good participation from all areas of the business. Contingencies are in place for areas of the system that are not expected to be ready day 1 and in the event that any key areas don't function as planned.
Roadmap	Med	<ul style="list-style-type: none"> The roadmap for the first release will be in flux until final development sizing for the remaining iterations are completed. This work is expected to continue through mid-September. There will be subsequent releases of the system throughout the fall of 2013. 	Med	<ul style="list-style-type: none"> Confirmed releases at this time on the roadmap are the 10/1 launch to CPA with full launch in October. There are additional releases planned for enrollment and to support financial management in November and December. In 2014 there are some preliminary releases planned but the specific scope and timing for each release is yet to be determined.
Scope		<ul style="list-style-type: none"> The current CO release strategy is to launch all three lines of business (Individual, Medicaid and SHOP), Oct 1st 2013. This release is targeted to only Agents, Community Partners and Tribal. CO has deferred the Medicaid interfaces to OHA MMIS (eligibility and enrollment) system until a later release. See attachment G (updated) for detailed findings and recommendations. 		<ul style="list-style-type: none"> Initial launch is planned to include full functionality across Individual and SHOP. Decisions on what to take live will be made as testing progresses across September. The Release plan for the Fall is intended to support Go Live triage defects and any incremental features that are not released day 1 based on testing results.
Schedule		<ul style="list-style-type: none"> Continue to identify project dependencies and critical paths. It is likely that contingency plans for some system components will have to be implemented at go-live based on schedule slippage. Trigger points for these at risk features needs to be identified. 		<ul style="list-style-type: none"> The schedule for the 10/1 release is being closed out with a new schedule being stood up with key deliverables for Q4 of 2013. The new schedule includes the final delivery of all CO environments, plan for getting to Production Readiness within OMCS guidelines and the live of the December 1st.

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Table 2: QA Risk Level Tracking

Quality Rating Category	Nov '12	Dec '12	Jan '13	Feb '13	Mar '13	Apr '13	May '13	June '13	July '13	Aug '13
OVERALL HEALTH										
Business Mission and Goals	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>					
Roadmap	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>
Scope										
Schedule										
Budget	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>
Funding	<i>M</i>	<i>M</i>								
Board Governance										
Inter-Org Coordination										
Organizational Management										
Human Resources	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>
Stakeholder Management										
Communication						<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>
Project Management	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>					
Contract Management	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>	<i>M</i>					
Product Content										
Testing	<i>M</i>	<i>M</i>	<i>M</i>							

SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of August, 2013.

Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

Table 3: Detailed Quality Standards Scorecard

Quality Rating Category	May2013	June 2013	Risk Assessment Finding, Risks, and Recommendations
O M			<p>Findings During Period:</p> <ul style="list-style-type: none"> CO continues to refine their System Launch Plan. This document details the various exchange functions and plans for the first release of the exchange. The current plan is to launch to only Agents, Community Partners and Tribal. It is intended that the system will be accessed by these groups for a limited amount of hours per day and the system will be unavailable in the evening for maintenance if required. Contingency plans that involve OHA/DHS should be triggered with sufficient time for these agencies to adjust if necessary. <p>Risks:</p> <ol style="list-style-type: none"> Closed Without clear understanding, communication and alignment of the deadlines and contingency plans for the Oct 2013 release between the business units (CO, OHA) procedures for application processing may be incomplete or out of synch. Without a detailed system launch plan, coordination of IT, OPS and Marketing may not be in full alignment for the launch window. <p>Recommendations:</p> <ol style="list-style-type: none"> Closed. Closed. Closed. The detailed system launch plan is intended to be an extension of the business plan for the Exchange. This document should detail all relevant assumptions, risks, constraints and contingency plans for the final launch of the system. Continue to refine the feature roadmap and ensure that it is connected with the business strategy, marketing and communications as well as OHA/DHS. Closed. Closed. Closed Closed Finalize the draft IGA's with OHA concerning Medicaid operations.
Roadmap (RM)	Med	Med	<p>Findings During Period:</p> <ul style="list-style-type: none"> A roadmap business case process has been instituted. The first business cases are rudimentary and it is expected as the process matures that more sophisticated analysis will be provided with the business case. The roadmap for the first release will be in flux until all dependencies and development efforts are fully identified and properly estimated. Additional scope may need to be deferred as a more detailed level of effort is provided. See Att G detailed findings and recommendations. Minor releases of the system will be implemented throughout the fall of 2013. A second major release of the system is expected to take place Dec of 2013. This release will have
CO			

SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall risk of the project is high due to the timing and scope. Much progress is being made and CO expects that to continue.
Business Mission and Goals	The Go-Live Launch plan is developed and continues to evolve. The utilization of CPs and Agents to exchange on day 1 is in alignment with the business goals as agents are expected to drive a large percentage of business in both the individual and small group markets. A secondary website is being built to provide general consumers with the opportunity to browse plans and find assistance.
Roadmap	The current road map outlines the products, services and functionality that will be delivered in Version 1.0 of the exchange. Additional releases are planned across the Fall. The Roadmap for releases into 2014 will need to be balanced against stabilizing the Core Build and meeting primary business objectives for the 2014 and 2015 fiscal years.
Scope	The Scope defined for initial launch remains stable, with some small adjustments being introduced via change management and as a result of Development discovery. Scope to be released on day 1 will be determined based on testing results of the final build.
Schedule	Cover Oregon is wrapping up the 10/1 schedule and is managing final tasks via the “Go Live” checklist. The schedule for Q4 is being stood up to include environments delivery, production readiness and the 1.1 release in December.
Budget	Cover Oregon agrees that increasing Oracle development and testing staff to complete the first release has had an overall impact to the budget.
Funding	In February 2013, Cover Oregon received Federal approval of its \$226 million Level 2 funding request. Approximately \$90 Million is for IT.
Board Governance	MAXIMUS correctly notes that the Executive Director and staff routinely meet with the Board and its finance committee, providing members with a variety of informational documents.
Inter-Org Coordination	Cover Oregon agrees that coordination between OHA/DHS and Cover Oregon is vital to Medicaid processing, operations and technical solutioning & delivery.
Organizational Management	Cover Oregon agrees that the organization is growing at a very quick pace. The organization and its staff are adapting and managing to change.
Human Resources	The scope of the staffing strategy takes into account staffing across all areas of the organization. Potential staffing/resource needs will continue to be addressed as the

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	organization evolves.
Stakeholder Management	Cover Oregon continues its proactive outreach and stakeholder communication efforts.
Communication's	The marketing and communications teams are preparing for any changes in initial launch so that expectations can be set with stakeholders and consumers, and marketing materials are appropriate to the situation.
Project Management	Cover Oregon agrees that scope and schedule must be managed very closely through final development.
Contract Management	Cover Oregon utilizes a Work Breakdown Structure (WBS) to identify activities to be completed on the way to Day 1 of open enrollment. Tasks that are assigned to contractors have been identified and are being tracked, as are other resources.
Product Content	Product content refinement continues as development teams deliver the final build and Cover Oregon resources are brought up to speed on the state of the various functional areas in the build.
Testing	Testing efforts have expanded as there are currently 8 testing workstreams in progress across the project. Overall management of testing will require focused attention to determine appropriate go live features and functionality, and to enable additional functionality to be released after adequate testing has been achieved.

SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/ eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/ likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/ unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

Att A: (Closed) Detailed Security Concerns

Text Deleted by MAXIMUS

Att B: (Closed) Detailed Tracking and Reporting

Text Deleted by MAXIMUS

Att C: (Closed) Contingency Planning

Text Deleted by MAXIMUS

Att D: (Updated August) “No WrongDoor” Cooperation

Findings:

OHA/DHS and CO have a general agreement to create a “no wrong door” approach for eligibility and enrollment for state-sponsored medical programs and commercial insurance. OHA will process the paper applications and CO will process the APTC and the Medicaid electronic applications. An IGA has been drafted, but not finalized.

This overall business transformation/integration between OHA and CO is not being tracked like a formal project. Typically a project of this size would have specific governance reporting, charter, scope, tasks, milestones, deliverables, and deadlines for the interagency work that is to be accomplished both operationally and technically.

Risk:

- Without a defined process, project, and governance transparency, QA, development, operations, and executive management in the stakeholder agencies will not be able to monitor the progress of the effort to ensure that it is implemented in a timeframe and manner that fits the vision outlined by the Directors of OHA and DHS, the Executive Director of CO for the State of Oregon.

Recommendations:

1. All deliverables for the manual process, including guide books, should be implemented with sufficient time for both organizations to train their staff appropriately.
2. Executive managers of both organizations should, at a minimum, review the manual application process in detail prior to the launch on Oct 1st. In addition, if there are contingencies that are expected to be retired as new features to be rolled out over the fall Executive management from both organizations should be clear as to the process prior to implementation.

Att E: (Closed) Architecture Simplification

Texted deleted by MAXIMUS

Att F: (Closed) Risk Analysis for Security Implementation

Text Deleted by MAXIMUS

Att G (Updated August) Scope Management and Product delivery

Findings:

Significant scope reduction has occurred by CO over the past couple of months. Additional, development and testing resources have been added to the project to help implement the remaining scope. Scope identified for the first release is still considered large for the amount of time left until launch, issues being identified in test and the maturity of the development organization. To further mitigate this issue CO is considering a controlled or "soft launch" to a limited audience.

Changes to requirements are under a change control process. Unauthorized changes are still making their way into the system however, they are greatly reduced.

CO is also launching a marketing website that will be used to allow individuals to browse plans and estimate their tax credits.

Risks:

- If the Oct 1st release is still over scoped it may effect the ability of the organization to deliver subsequent releases of the system.
- Scope deferment requires effort from BA's, SME's, development and test personnel. LoE and may not be accounted for in the deferment process.
- 20% slack is probably not sufficient, 30+ % was recommended by QA months ago and this proved to be optimistic.
- Testing schedule will continue to be compressed as additional issues arise and have to be mitigated for in the schedule.

Recommendations:

1. Closed.
2. Closed.
3. Closed.
4. Additional slack should be provided for in the schedule beyond the 20% currently estimated.
5. Continue to refine the Business Case process by challenging the SME's to detail and refine their facts and estimates used in their justifications.
6. CO should prepare for additional scope deferment or schedule slip to the Oct 1st date.

7. Scope and LoE for the Dec 2013 release should be reviewed. Again 30% slack should be incorporated in the release to allow for requirements adjustments, slippage from the Oct 1st release and rework.



**Oregon Health Insurance Exchange Corporation
(ORHIX) / Cover Oregon (CO)
Monthly Quality Status Report**

September 2013

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FINAL

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SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

1. **Initial Risk Assessment** - identification of initial risks facing CO
2. **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
3. **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of September, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while 10 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule", and "Inter-Org Coordination" remain high (red), which drives the overall high (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the organization must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and was dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of August, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO continues to make positive and significant progress towards the launch of the Oregon Health Insurance Exchange. The organization has and continues to demonstrate flexibility and creativity in dealing with this complex system delivery.
- CO has commissioned Deloitte to create an anonymous browse and plan selection site as back up for the Oracle system. This system is to be housed on Amazon on-demand services.
- In the early part of the month CO reduced scope for 10/1/13. CO will be doing a soft launch of the system targeting the Community Partners and Agents.



- CO has executed a number of contingency plans in preparation for system components known to be at risk for launch.
- At the end of the month CO reviewed final Oracle functionality to be released on 10/1/13. It was deemed that the Oracle system would be launched with CPA login and ID checking only.
- CO also decided to launch the Deloitte system for anonymous browse and insurance plan selection. This site will also provide pricing and subsidy information for users.
- CO has requested that MAXIMUS review the launch status and provide a high-level assessment of the launch readiness for the overall business. This assessment is detailed in Attachment A of this document.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	QA Risk Level	Priority QA Finding and Recommendations	CO Risk Level	CO Response
OVERALL HEALTH		<ul style="list-style-type: none"> • See below for specific priority recommendations. • Continue to review, update, and track all outstanding quality risks and recommendations. 		<ul style="list-style-type: none"> • Overall health remains High Risk as final build contains key functionality that remains to be put through testing rigor.
Business Mission and Goals	Med	<ul style="list-style-type: none"> • CO continues to refine their System Launch plan. This effort is intended to synchronize the development, business operations and marketing efforts for the initial launch. • The Deloitte public facing system will be launched Oct 1st. • The Oracle system will be released to Community Partners and Agents with limited functionality on Oct 1st. • Paper applications have been delivered and available on the website for download. This will be the primary method for applicants to enroll on Oct 1st. 		<ul style="list-style-type: none"> • The points raised are not relevant to Cover Oregon's Mission and Goals, which have been clearly articulated for over a year. Cover Oregon does not disagree with the findings but does not agree that these are Mission or Goal issues. • Overall launch plan has good participation from all areas of the business. • A dedicated team is coordinating development of operational contingencies for areas of the system that are not expected to be ready day 1 and in the event that key areas do not function as planned.
Roadmap	Med	<ul style="list-style-type: none"> • CO has identified the features for initial release and has a roadmap for the fall releases. • MAXIMUS expects that the 	Med	<ul style="list-style-type: none"> • Confirmed releases on the roadmap are the 10/1 launch to CPA with full launch later in October.



		roadmap to change as issues arise with the Oracle system and Oracle's ability to deliver against the current set of requirements.		<p>There are additional releases planned for enrollment and to support financial management in November and December.</p> <ul style="list-style-type: none"> In 2014 there are some preliminary releases planned but the specific scope and timing for each release is yet to be determined.
Scope		<ul style="list-style-type: none"> CO has decided to do a soft launch that has greatly reduced scope for Oct 1st. CO has deferred the Medicaid interfaces to OHA MMIS (eligibility and enrollment) system until a later release. It is likely that scope will continue to be trimmed if issues arise with the current plan or if development (Oracle) continues to under deliver. 		<ul style="list-style-type: none"> While initial launch was planned to include full functionality across Individual and SHOP, by mid-September Cover Oregon decided to allow account creation but not application on day 1. The Release plan for the Fall is intended to support Go Live triage defects and any incremental features that are not released day 1 based on testing results.
Schedule		<ul style="list-style-type: none"> Continue to identify project dependencies and critical paths. Oracle's ability to release system environments is problematic. The UAT environment is to be repurposed by CO on Oct 1st as an alternate development environment. Oracle's ability to properly estimate the work for any release is significantly lacking. 		<ul style="list-style-type: none"> As additional information from Oracle became available, Cover Oregon has established a revised schedule with key deliverables for Q4 2013. The new schedule includes the final delivery of all CO environments, a plan for getting to Production Readiness within OMCS guidelines and the delivery of interim and December 1.1 Releases.
Budget	Med	<ul style="list-style-type: none"> The amount of Oracle development resources being added to the project to meet the Oct 1st go live date will most likely have a negative budget impact on the project. 	Med	<ul style="list-style-type: none"> Cover Oregon is monitoring expenditure vs available funds. Additional funding needs are being assessed. Some adjustments and transitions across the fall will be required to sustain through 2014.
Funding		<ul style="list-style-type: none"> CO has secured \$226 million in Level 2 funding for the Exchange. 		<ul style="list-style-type: none"> Cover Oregon concurs with this statement.
Board		<ul style="list-style-type: none"> The CO Board meets on a regular basis and receives 		<ul style="list-style-type: none"> The Board governance process remains stable and



<p>Governance</p>		<p>updates from Executive Director and his staff on salient business, IT and stakeholder topics.</p> <ul style="list-style-type: none"> • CO Director accurately conveys the challenges of the IT system launch to the board during the board meetings. 		<p>the relationship and communication to the Board remains consistent.</p>
<p>Inter-Org Coordination</p>	<p>Med</p>	<ul style="list-style-type: none"> • Cover Oregon dependence on OHA/DHS system and staff readiness is problematic. OHA/DHS are older institutions and may not be as flexible as CO to change. • OHA/DHS does not have workstations that allow them to login to the CO Siebel system. It is anticipated that these will be in place at/or soon after launch. • CO has finalized the Inter-governmental agreement with OHA. • MAXIMUS has verified the paper application process. This included the acceptance and scanning of the application at the OHA 5503 facility. 	<p>Med</p>	<ul style="list-style-type: none"> • Cover Oregon has implemented a contingency process through which OHA will process Medicaid enrollments. If needed this process can be done manually. As manual enrollment is current OHA practice, doing this for new enrollments would be consistent with the process for which relevant OHA staff is already trained and capable of doing. • Planning is underway to get OHA staff Siebel access, contingent on OHA readiness (staff are moving locations, need phone upgrade, etc)
<p>Org Management</p>		<ul style="list-style-type: none"> • The organization is growing at a very quick pace. CO seems to be adapting and managing the growth well. 		<ul style="list-style-type: none"> • Primary staffing is complete, with some additional hiring occurring in Q4 to fill a few more positions and respond to identified needs. The organization is managing the growth and onboarding smoothly.
<p>Human Resources</p>	<p>Med</p>	<ul style="list-style-type: none"> • Some contingency plans require additional staff to be available by outside staffing agencies. To implement these plans in the manner CO intends, may require contracts and possibly retainers to be put in place. • The organization, its processes and people will be under tremendous stress as the launch date nears. Extra care should be taken by executive management to monitor for signs of stress and intervene to ensure personnel health and organizational morale during this period. 	<p>Med</p>	<ul style="list-style-type: none"> • Cover Oregon has contracts in place to respond should additional resources be needed. • Staff and the Executive team are invested in keeping morale up across the organization, planning is underway to provide relief to key staffers as needed. Additionally, Staff across the organization is actively supporting one another in both formal and informal ways.



<p>Stakeholder Management <i>Med</i></p>	<ul style="list-style-type: none"> Continue proactive outreach and stakeholder communication is key as final launch features are identified for the soft launch. Releasing a system that is unreliable/not stable will frustrate users and may negatively affect the CO brand. 	<p><i>Med</i></p>	<ul style="list-style-type: none"> The launch plan includes communication plans with Community Partners, Agents and Carriers as key stakeholders as we approach go live. Regular daily and weekly calls are planned with agents/community partners engaged in supporting Cover Oregon's initial launch. Cover Oregon has been messaging its launch plan in light of its desire to get it "right" rather than just putting out a potentially flawed system to meet the October 1 launch date. This message has been delivered to the Board, Legislature, state Administration and news media.
<p>Communications <i>Med</i></p> <p>Project Management</p>	<ul style="list-style-type: none"> MAXIMUS expects that additional changes/fixes may occur as the system is launched. CO needs to ensure that procedures are in place to retrain CP/A's, CSR's and OHA personnel prior to the release of incremental features. Iteration 17c feature set was not fully completed. Development and release of i17c items will continue through October. It is recommended that CO formalize their release management plans and communicate expectations of how fixes and releases will be moved into production. This formalization warrants a thorough review of Oracle's software development, build and release process. CO has commissioned MAXIMUS to review these Oracle processes. MAXIMUS has requested to review the processes 	<p><i>Med</i></p>	<ul style="list-style-type: none"> The communications team is prepared to manage messaging to key stakeholders and media related to go live updates and ongoing releases. The final build was incomplete and is defect heavy. The initial 10/1 release will be a minimal set of functionality focused on stage gates of delivery until defects can be resolved across various components. Release plans for October and November have been established to bring incremental functionality online to Community Partners and Agents for Full Launch. These plans may be revisited as additional testing gives more visibility to the state of the system. Production release planning is in place for the October and November planned releases. The releases may



		<p>with Oracle. Oracle has not responded to the requests satisfactorily to date.</p> <ul style="list-style-type: none"> CO PM needs to develop their production release plans, given that release into a production environment is dramatically different then into test. These plans should include how contingency plans are retired as new features are placed into production. Oracle's in ability to deliver environments in a timely manner is an issue. 		<p>need to be adjusted based on test results.</p> <ul style="list-style-type: none"> Cover Oregon would like to have in place Pre-prod and Performance test environments to support Production moves and to support load testing in preparation for Full Launch. To date we have not received a clear or adequate plan from Oracle for how to achieve these important milestones.
<p>Contract Management</p>	<p>Med</p>	<ul style="list-style-type: none"> Oracle continues to under-perform. It is recommended that CO withhold payment of any invoices until a thorough review the contract is conducted by DOJ for lack of performance. Oracle continues to post dates for specific deliveries and consistently miss delivery targets, a clear example is that of environment delivery. Oracle was to delivery 7 environments by 9/26/13 and to date they have only delivered 5. Given this pattern CO should consider the use of "cure" letters to, at a minimum, formally document the pattern by the Vendor. 	<p>Med</p>	<ul style="list-style-type: none"> Since Cover Oregon took over the Oracle contract for exchange work in May, it has become progressively better able to identify and directly address contractor issues. Cover Oregon is working with Oracle to assess and rectify system issues and improve our ability to identify when functionality will be available.
<p>Product Content</p>		<ul style="list-style-type: none"> The final release of features is still in flux to some degree. There are a number of Change Requests that need definition that are intended for the Oct 1st release. These items should be moved to manual contingency plans or slotted into later releases of the system. 		<ul style="list-style-type: none"> The Change Request process has been put on hold, with some limited changes that have been accepted for 10/1 or shortly thereafter. In September, Cover Oregon took the significant step to limit system access to agents and community partners only, and to allow only account creation, but not application, plan



			selection and enrollment.
Testing		<ul style="list-style-type: none">• Software releases into test from development are being implemented daily/weekly. The releases are not stable and fixes and features are appearing randomly in the releases. In addition, more items are breaking then are being repaired. This is indicative if too much concurrent Oracle development in an uncontrolled development environment.• Performance testing by Oracle is dependent on a stable release of the system. In addition, sufficient features need to be developed and released for performance testing to be meaningful.	<ul style="list-style-type: none">• To improve the stability of the environment, daily releases into FTS are not occurring. A release plan has been put in place that limits full migrations (those that require a Siebel deployment) to twice per week. Partial releases, which have a lower impact on the system, are occurring as needed. Process improvements are being developed around code change management to ensure full and accurate release documentation, and to allow impact assessment of each deployment.• The Performance environment that delivered in late August has been re-purposed as the Production Environment. A performance test environment will not be in place in advance of go live. It is currently scheduled for early October with Performance testing planned across the month of October.



Table 2: QA Risk Level Tracking

Quality Rating Category	Dec '12	Jan '13	Feb '13	Mar '13	Apr '13	May '13	June '13	July '13	Aug '13	Sept '13
OVERALL HEALTH										
Business Mission and Goals	M	M	M	M						M
Roadmap	M	M	M	M	M	M	M	M	M	M
Scope										
Schedule										
Budget	M	M	M	M	M	M	M	M	M	M
Funding	M									
Board Governance										
Inter-Org Coordination										M
Organizational Management										
Human Resources	M	M	M	M	M	M	M	M	M	M
Stakeholder Management										M
Communication					M	M	M	M	M	M
Project Management	M	M	M	M						
Contract Management	M	M	M	M						M
Product Content										
Testing	M	M								



SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of September, 2013.



Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. At the client's request, unique numbering has been introduced for both risks and recommendations, to assist in tracking. For example, risks in the Business Mission and Goals section of the report can be identified as Risk-BMG-1, Risk-BMG-2, etc. Recommendations can be similarly, uniquely identified. The integrity of the numbering will be preserved during future reports.

Table 3: Detailed Quality Standards Scorecard




Quality Rating Category	Aug2013	Sept 2013	Risk Assessment Finding, Risks, and Recommendations
Business Mission and Goals (BMG)		Med	<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO has finalized their launch plans. The current approach is to launch to only Agents and Community Partners using a combination of the Deloitte built website and the Oracle system. The Deloitte website is housed using Amazon's cloud service. This site will enable public users, Agents and Community Partners to enter in their information to determine tax credits, browse plans and review plan information and costs. This information can be utilized to fill out paper applications via a PDF form. • The Oracle system will be released to only Agents and Community Partners and will be limited to login and ID proof only. Additional functionality is intended to be released in subsequent days and weeks. The Oracle system will be released with known defects and manual workarounds. • It is intended that the system will be accessed by these groups for a limited amount of hours per day and the system will be unavailable in the evening for maintenance if required. • A number of contingency plans have been triggered for the limited launch. <p>Risks:</p> <ol style="list-style-type: none"> 1. Closed 2. Without clear understanding, communication and alignment of the deadlines and contingency plans for the Oct 2013 release between the business units (CO, OHA) procedures for application processing may be incomplete or out of synch. 3. Without a detailed system launch plan, coordination of IT, OPS and Marketing may not be in full alignment for the launch window. 4. Launching the Oracle system with known defects may result in a bad user experience which could affect the CO brand long term. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. Closed. 4. Closed.




			<ol style="list-style-type: none"> 5. Continue to refine the feature roadmap and ensure that it is connected with the business strategy, marketing and communications as well as OHA/DHS. 6. Closed. 7. Closed. 8. Closed 9. Closed 10. Closed
<i>Roadmap (RM)</i>	<i>Med</i>	<i>Med</i>	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • Based on the soft launch strategy the roadmap for the next few releases are proposed based on essential business features for the next couple of months. • Additional scope may need to be deferred as a more detailed level of effort is provided and Oracle's ability to deliver. • Releases of the system will be implemented throughout the fall of 2013. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a clear, comprehensive, and authoritative description of the Exchange roadmap, the project will likely continue to have incomplete data for future budgeting and unclear project priorities. 2. Closed. 3. Closed. 4. Closed. 5. Without a roadmap projection beyond 2013 will be difficult to do development budget projections for future grants and operations and development. 6. Without a process for determining the roadmap priorities it will be difficult to determine what features will have the highest impact of CO target metrics. 7. The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the new fall roadmap. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. Closed.



		<ol style="list-style-type: none"> 4. Create integrated prioritized roadmap to communicate with the CO staff, CO Board of Directors, and other stakeholders how the CO metrics will be achieved. 5. Closed. 6. The process for developing the roadmap(s) should be documented so that it can be evaluated by stakeholders prior to getting deep into the process. Also, all underlying assumptions should be articulated in the process so they can be agreed upon by executive management. 7. Finalize the near term functional roadmap, including a high-level schedule of required functionality, and prioritized features. 8. Closed.
<p>Scope (SCP)</p>		
		<p>Findings During Period:</p> <ol style="list-style-type: none"> 1. Scope reduction and scope sizing continues. 2. CO has deferred a piece of the Medicaid interface into the OHA MMIS system until post Oct 1. 3. Currently, a cross functional view of the Product Development Lifecycle (PDLC) does not exist and clear connections between development, operations, marketing and communications are lacking. 4. The Oracle development group did not deliver all the iteration 17c features as scheduled. This will most likely push features in subsequent iterations further out in time and/or result in significant scope reduction in the near future. <p>Risks:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. Closed. 4. Closed. 5. Closed 6. Closed 7. Closed 8. Lack of discipline and control of the change management process will result in incomplete build documentation, testing errors and schedule slips. 9. Without a tight linkage between development, business, marketing, and communications the current launch strategy with the current scope will be difficult to manage after launch.



		<p>10. The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the new fall roadmap.</p> <p>11. The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the reduced scope.</p> <p>Recommendations:</p> <p>1. Closed.</p> <p>2. Closed.</p> <p>3. Closed.</p> <p>4. Define and implement clear project management processes and controls for maintaining the CO WBS, including "rolling wave" elaboration of near-term work.</p> <p>5. Closed.</p> <p>6. Closed</p> <p>7. Closed.</p> <p>8. Closed.</p> <p>9. Closed.</p> <p>10. Closed.</p> <p>11. Closed.</p> <p>12. Continue to integrate the use of the Schedule (and underlying WBS) into the day-to-day management and planning of the project especially for future product releases. This will ensure that these documents are useful and accurate.</p> <p>13. Closed.</p> <p>14. Develop clear milestones, tasks and checkpoints for the Scope lockdown and sizing for the final iterations for the fall releases. Communicate these items to all appropriate stakeholders.</p> <p>15. Closed</p> <p>16. Closed</p> <p>17. Closed</p> <p>18. CO should ensure that the manual paper application process is leveraged heavily during the soft launch process.</p>
<p>Schedule (SCH)</p>		



		<p>Findings During Period:</p> <ul style="list-style-type: none"> • The CO team reviews and updates the schedule weekly with ORACLE and other development, integration and test groups. The schedule is less predictive at this point in the project. It is primarily used to track status to launch. • The CO schedules lack baselines for variance measurements. This information will be important for future roadmap and feature release estimates. • The lack of reliable estimating by the Oracle teams, undiscovered development issues and incomplete requirements by CO will result in continued surprises to CO throughout the initial launch and subsequent releases in the fall. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a clear understanding of the HIX-IT project schedule, including the activities and tasks specifically assigned to CO, there is a risk that the project will not be completed on schedule. 2. Closed. 3. Closed. 4. Closed. 5. Closed. 6. Closed. 7. Without clearly linked schedules between CO, foundational services and ORACLE On Demand services, the project will suffer from confusion and misaligned expectations and deadlines. 8. Without a clear understanding of the Foundational Services level of effort (LoE) and the integration of OIS foundational services with the CO project, CO may not meet their business objectives. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Develop a single, comprehensive, authoritative and baselined schedule for all non-HIX-IT CO work, using the WBS described in Scope Section of this report. 2. Closed. 3. Closed. 4. Define and implement common project management processes and controls for maintaining the schedule across OHA and CO, including "rolling wave" elaboration of near-term activities, baselining, variance tracking, resource loading and common reporting of project progress and status. 5. Closed.
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			<p>6. Closed</p> <p>7. Given the difficulty in estimating the development work across the foundational services and other projects within OHA, CO should embed sufficient slack in its schedule (on the order of 50+ percent). CO should continue to monitor the IT delivery deviations including the completion of use cases, testing platforms, standing up of environments, on boarding staff, and product delivery. These deviations should be reported to CO Executive staff in the weekly or monthly reports by CO CIO.</p> <p>8. Closed</p> <p>9. Closed.</p> <p>10. Baseline pieces of the schedule and track for variance, this information can be utilized to better predict and track the next release</p> <p>11. Closed</p> <p>12. Closed.</p> <p>13. Closed.</p>
Budget (BGT)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> Significantly increasing ORACLE development and testing staff to complete the first release will have an overall impact on the budget. A quarterly budget to actuals will be available from CO for the next monthly assessment. <p>Risks:</p> <p>1. Closed.</p> <p>2. Closed.</p> <p>3. The lack of fully elaborated, integrated and baselined WBS and schedule raises the risk that the project scope, schedule, and therefore costs are not clearly understood. As a result, the budget is most likely inaccurate.</p> <p>4. Changes in architecture approach and SIT testing will affect the budget of the organizations.</p> <p>5. The addition of unplanned development resources to achieve the outstanding scope will increase costs in the budget in the short term.</p> <p>6. Closed</p> <p>7. The addition of the Deloitte public website to compensate for the lack of delivery by Oracle will increase project IT costs.</p>



		<p>Recommendations:</p> <ol style="list-style-type: none"> 1. Document and implement a budgeting process for CO. This process should include the tracking of assumptions and dependencies. This budget should have significant reserve for unbudgeted items given the organization and the system is new. 2. Update the budget projections for CO. Ensure the Budget projections are aligned with the roadmap items that will be established. 3. CO should work with OHA to jointly review cost allocation methods, estimates of future expenditures, and associated financial controls. 4. Closed. 5. Closed. 6. Closed. 7. Closed. 8. With the addition of ORACLE resources to complete the development and testing of the Exchange a budget reevaluation should be conducted to determine the budget impact of this decision.
<p><i>Funding (FND)</i></p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO has received \$226 million in Level 2 funding. Approximately \$90 million is for IT. • CO expects that additional funding opportunities will be available in 2014 by CMS. <p>Risks:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. Closed. 4. Closed. 5. Closed. 6. Closed. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. Closed.



			<p>4. Closed.</p> <p>5. Closed.</p> <p>6. Closed.</p> <p>7. Closed.</p>
Board Governance (BG)			
			<p>Findings During Period:</p> <ul style="list-style-type: none"> The CO Board meets on a regular basis and receives updates from Executive Director and his staff on the salient business, IT and stakeholder of topics. The CO Executive Director continues to convey the challenges of the IT system launch to the board members at the monthly board meetings. <p>Risks:</p> <ol style="list-style-type: none"> Closed. Closed. Closed. <p>Recommendations:</p> <ol style="list-style-type: none"> Closed Closed. Closed
Inter-Org Coordination (IOC)		Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> CO and OHA 5503 have worked well in creating a manual paper application and processing. This includes scanning and logging of the paper applications in the system. CCO and OHA have finalized an Inter-Governmental Agreement (IGA) <p>Risks:</p> <ol style="list-style-type: none"> Closed. Closed Closed Closed



		<p>5. Closed</p> <p>6. Without proper coordination among OHA/DHS and CO policy and business operations it will put CO in a difficult position with respect to planning the completion the MMIS and CO interfaces for automated Medicaid Eligibility and Enrollment.</p> <p>Recommendations:</p> <p>1. Closed</p> <p>2. Closed</p> <p>3. Closed</p> <p>4. Closed.</p> <p>5. Closed.</p> <p>6. Closed</p> <p>7. Closed</p> <p>8. Closed.</p> <p>9. Closed</p> <p>10. Closed</p> <p>11. Closed.</p> <p>12. The work with OHA Business and technology will need to mature and will probably span over multiple system releases. With this understanding CO should consider crafting a long-term strategy i.e., roadmap that demonstrates short term as well as long term goals and objectives with respect to the interfaces into MMIS.</p> <p>13. Closed</p> <p>14. Closed.</p>
<p>Organizational Management (OM)</p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> The Organization is growing at a rapid pace and seems to be adapting and managing the growth well. Oracle has not delivered to plan for the previous iterations. Typically, in an iterative environment, the delivery variance is reduced over time (a number of iterations) and quality improves as the organization matures. This is most likely an indication of lack of formal, industry standard development processes within the Oracle organization.



			<p>Risks:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed. 3. Closed. 4. Closed. 5. Closed 6. Lack of code and performance reliability with developer (Oracle) will result in continued missed dates for future deliveries. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. As the CO Roadmap, WBS and Schedule are updated, Executive Management should clearly get formal assertion from Oracle in the form of a contract amendment for specific releases and functionality and quality moving forward. 2. Continue to identify key internal operational processes and assign these processes to the specific executive management for development. 3. Continue to refine and update the CO organizational chart, including detailed roles, responsibilities, expectations, and authorities. 4. Closed. 5. Closed. 6. Closed. 7. CO should re-evaluate the organizational needs of the IT department with the advent of the new architecture and responsibilities CO has incurred. 8. Closed 9. CO should consider hiring independent Oracle consultants that can monitor the work of Oracle at a deeper level. These consultants should review the development processes and monitor their adherence to ensure reliability and quality going forward.
<i>Human Resources (HR)</i>	<i>Med</i>	<i>Med</i>	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • The organization, its processes and people will be under tremendous stress as the launch date nears. Extra care should be taken by executive management to monitor for signs of stress and intervene to ensure personnel health and organizational morale during this period.




		<ul style="list-style-type: none"> • Releasing a system that has known defects will increase the load on the Customer Service Reps (CSRs). Management should specifically monitor these groups for signs of stress. • Contractors and other consultants will also be under tremendous stress, some working 16 hour days for weeks on end. Again, care should be taken to monitor personnel for stress and health concerns. <p>Risks:</p> <ol style="list-style-type: none"> 1. The dynamic nature and fast organizational growth of CO may create significant staff stress and frustration. Communication and HR support systems will be taxed. 2. Staff with gaps in their skill sets can create schedule delays, rework and/or incorrect planning and execution for the organization. 3. Closed. 4. Closed. 5. Closed. 6. Closed 7. Closed. 8. Over worked/stressed employees or contractors will tend to make simple mistakes which can result in rework or issues with clients. 9. Health of stressed or overworked individuals can result in loss of key individuals on the project. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Continue to focus on defining and implementing the required HR support processes. Complete job descriptions for all filled and anticipated staff positions. 2. Closed. 3. Continue to support team building and informal support structures for staff. 4. Closed 5. Continue to inventory the skills of the existing staff and perform a gap analysis to the required skills of the organization. The gaps should then be prioritized and either staff should be augmented with consultants, trained or new employees should be sought out with the proper skill sets. 6. Closed 7. Closed. 8. Re-evaluate the needs of the IT organization to determine if new roles and personnel are needed based on the change in architecture and delivery model. 9. Closed
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			<p>10. Closed</p> <p>11. HR should conduct spot reviews/interviews with personnel to monitor morale and health issues with personnel including contractors.</p>
Stakeholder Management (SM)		Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> CO has engaged in multiple stakeholder outreach and communication efforts throughout the months. Reduced scope and the soft launch strategy will require CO to communicate new expectations to stakeholders. <p>Risks:</p> <ol style="list-style-type: none"> Lack of proactive communication with Exchange stakeholders may limit early participation and/or public confidence. <p>Recommendations:</p> <ol style="list-style-type: none"> Complete, publish, gain approval of, and implement a comprehensive CO Stakeholder Engagement Plan. Develop scenarios to clearly communicate the benefits of participating in the Exchange. Continue proactive outreach and stakeholder communication efforts. Ensure that expectations are set appropriately with the stakeholders for each of the fall releases.
Communications (COMM)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> MAXIMUS expects that additional changes may occur as development estimations and testing is accomplished. The communication of these changes will need to be managed with the internal staff, stakeholders and public. <p>Risks:</p> <ol style="list-style-type: none"> If the Exchange does not communicate its functions in a consistent manner then confusion and frustration may result for entities that need to oversee, interface with, purchase or supply services to the Exchange.



		<p>2. If the Exchange does not communicate its functions in a consistent manner then CO's management credibility may suffer.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. The internal marketing function of CO is working with the IT, SME's and executive management to identify areas where specialized high level communications need to take place. The Marketing organization can and should utilize the information that should have been produced from the work identified in the Roadmap section of this report to begin to articulate the functionality of the Exchange. 3. Closed. 4. The Marketing organization should establish consistent messaging for the organization that reflects the roadmap of the Exchange. 5. Design and implement a specific external marketing / education program, including the clear purpose and benefits of participation in the Exchange. 6. Closed.
<p><i>Project Management (PM)</i></p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • Iteration 17c feature set was not fully completed. Development of the incomplete features will continue through Oct. • Lack of scope deferment and requirements finalization has pushed development and testing on top of each other. This will greatly increase the coordination complexity of the final delivery. • The project is transitioning from development and test only to production in the month of Sept. for the Oct 1st delivery. This transition will be difficult given an operation environment is significantly different then a development only environment. • Without sufficient slack in the schedule (based on past variance) the plan for the future features is optimistic. • Change management process needs to be further tightened down by the PM. • Release management needs to be developed and instituted by the PM. • MAXIMUS was commissioned to do a QC review of the Oracle development, build and release process. Oracle has not responded to the requests for the review.




		<p>Risks:</p> <ol style="list-style-type: none"> 1. Without a full set of "foundational" project processes and controls, the project will likely suffer from ad hoc and inconsistent execution of the project work. 2. Closed. 3. Without the foundational documents being completed, approved, and enforced by executive management they will not be institutionalized. 4. Closed 5. Without a clear set of metrics from which to track and report progress to the executive management of CO, the Board, and LFO, the project management will continue to react to requests for a variety of status information. 6. Closed. 7. Closed. 8. Closed 9. Languishing requirements (open CR's) will affect the development, testing and release schedule. 10. "Stacking" or overlapping requirements elaboration, development, testing as well as, compression of the testing schedule is an issue. 11. Scope reduction late in the development can cause rework and potentially add time to the overall process. 12. A change management process that is not effective will result in schedule slips, testing errors, etc. 13. A production release management process that is incomplete or not well planned can cause credibility issues with the public if features or fixes appear without proper communication. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed 3. Closed. 4. Closed. 5. Finalize and implement a comprehensive change control process for all of these foundational documents, as well as the WBS and schedule, as described in the Scope and Schedule Sections of this report, respectively. 6. Closed 7. Closed.
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			<p>8. Finalize and implement common guidelines for reporting progress, including % complete. Consider implementation a common earned value management (EVM) approach that can be relied upon.</p> <p>9. Closed.</p> <p>10. Closed.</p> <p>11. Closed</p> <p>12. Closed</p> <p>13. Finalize all requirements as soon as possible. Where requirements cannot be finalized in the near term, implement contingency plans for manual operation.</p> <p>14. To alleviate the "stacking of requirements elaboration, development, SIT and UAT. CO should consider reducing scope, prolonging the schedule and/or both.</p> <p>15. Scope should be reduced in a manner that minimizes rework to avoid further delay in the schedule.</p> <p>16. Institute a comprehensive release management plan that includes communication of features and fixes to Agents, Community Partners and Tribal partners after the initial launch.</p> <p>17. Review the Oracle software release process to ensure it is aligned with an operational environment. This is important as the organization transitions from a pure development environment to an operational environment.</p>
Contract Management (CM)		Med	
			<p>Findings During Period:</p> <ol style="list-style-type: none"> Oracle's performance is lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review. CO is maintaining a contractor invoice tracking spreadsheet. This spreadsheet includes a comprehensive view of all current contracts, and includes type, term, and value of all contracts. Oracle continues to post dates for specific deliveries and consistently miss delivery targets, a clear example is that of environment delivery. Oracle was to delivery 7 environments by 9/26/13 and to date they have only delivered 5. <p>Risks:</p> <ol style="list-style-type: none"> In general, agreements that allow contractor's to bill for hours worked, instead of fixed priced payments for satisfactory completion of specific deliverables, leave the onus on CO to verify that the hours were worked and sufficient value was created by the contractors, according to their individual agreements. It may also be difficult to prove or justify the commensurate




		<p>expenditures.</p> <ol style="list-style-type: none"> 2. Closed 3. Without a clear tie between contractor work and the project WBS or schedule, effective management of contractor effort and billings will be difficult. 4. Oracle's ability to perform is an issue on the project. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Conduct an independent assessment of all contractor activities and proposed deliverables. Identify opportunities to convert contractor payment method to state approval of specific contractor fixed-priced deliverables. Renegotiate agreements, as appropriate. 3. Closed. 4. Define specific roles and responsibilities for contractors. Clearly assign work, as defined in the WBS and schedule, to specific contractor staff. Use this information to update the CO staffing plan, as appropriate. 5. Closed. 6. Closed. 7. Closed. 8. Clearly tie contractor work to the project WBS or schedule. Track progress (% complete) accordingly. 9. CO should consider having DOJ review the Oracle contracts for performance. 10. CO should consider holding up all payments to Oracle until the vendor can deliver product in a professional manner. 11. CO Management should clearly get formal assertion from Oracle in the form of a "cure" letter or contract amendment for specific releases dates, functionality and quality moving forward.
<p>Product Content (PC)</p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • With the severely compacted schedule, limited scope reduction, stacking of requirements elaboration, development and testing. System quality and reliability will be affected. • The technical details of the design are not being recorded by the developers as they complete the design. • Each software release from Oracle increases the overall amount of defects. Typically over time



		<p>defects will level out and begin to recede as the features are honed. This can be indicative of too many developers working on too many releases simultaneously without proper processes and controls.</p> <p>Risks:</p> <ol style="list-style-type: none">1. Closed.2. Closed.3. Closed4. Closed5. Closed6. Closed.7. Closed.8. Closed9. Closed.10. Closed.11. Closed12. Closed13. Closed14. Closed15. Severe compression of the schedule will adversely affect the quality and reliability of the system.16. Keeping the Oct 1st feature release open until the last minute will cause instability in the release and the triggering of contingency plans too late in the process. This could cause operations to be unprepared for launch.17. Too many Oracle developers working on the same code base without proper controls can result in system instability and features and functionality to appear in the system at the wrong times. <p>Recommendations:</p> <ol style="list-style-type: none">1. Closed.2. Closed3. Closed4. Closed5. Closed6. CO should have a formal review the existing OUM development process as it is implemented
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		<p>(tailored) for the Exchange project for the 1.1 release.</p> <p>7. Closed.</p> <p>8. A complete and accurate record of all iteration use case work packages and Oracle functional and technical design documents and Corporation testing documents should be organized and kept as a complete package in the Dropbox. Understanding the amount of customization of the current implementation will be critical for CO as future needs are established.</p> <p>9. Closed</p> <p>10. Closed.</p> <p>11. Closed</p> <p>12. Closed</p> <p>13. Closed</p> <p>14. Triggering of contingency plans should happen as soon as possible to ensure that operations are ready for with a reliable process even if manual on day one.</p> <p>15. CO should consider reducing the amount of developers in the system by further scope deferment. In addition, CO should review Oracle's development resources and their workload to ensure they are working only on the current feature set.</p>
Testing (TST)		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> The readiness of the system, as it is released from development is not as expected and SIT and UAT are doing more unit testing then was expecting. This will have a negative schedule impact. Oracle SIT testers do not have a full grasp of the desired functionality of the system, therefor their testing quality is insufficient. Performance test environment implementation was running late and was a dependency for the Production system. CO executive management has decided to defer this environment and move to the configuration environment. The plan is that some small amount of performance testing will be done prior to implementation and the system will be monitored in production for performance issues. <p>Risks:</p> <ol style="list-style-type: none"> Current iterations are being accepted without a formal and methodical review of the product by the BA's. This may result in SIT testing being conducted on incorrect UI design and functionality. Lack of a dedicated test environment will limit the exposure of the BA's and SME's with the product



		<p>that is being developed. It is very important that SME's have ample time to play with the design so they may be able to refine the design as necessary.</p> <ol style="list-style-type: none"> 3. Closed 4. Closed 5. Lack of performance testing on the production environment may result in the production environment not being able to handle the load of the system when launched to the public. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Closed. 2. Closed 3. Ensure that usability testing using typical users of the system is included in the testing of the Exchange on-line system. 4. Closed. 5. Closed 6. Closed 7. Ensure that the code delivered from development has been properly documented and that release notes are delivered with each release as it is delivered to the testing teams. 8. CO should consider having BA's review the development of features prior to the system being released for test. 9. CO should consider escalating within Oracle the issue of environment delivery. Lack of environments is causing a tremendous amount of risk for the project.
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SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that the overall project remains High Risk as the final build contains key functionality that remains to be put through testing rigor.
Business Mission and Goals	<p>The overall launch plan has good participation from all areas of the business. A dedicated team is coordinating the development of operational contingencies for areas of the system that are not expected to be ready day 1 and in the event that key areas do not function as planned.</p> <p>The noted findings and risks are not relevant to Cover Oregon's Mission and Goals, which have been clearly articulated for over a year. Cover Oregon does not disagree with the findings but does not agree that these are Mission or Goal issues.</p>
Roadmap	As of September, the confirmed releases on the roadmap are the 10/1 launch to CPA with full launch in October. There are additional releases planned for enrollment and to support financial management in November and December. Some additional releases are planned for 2014, but the specific scope and timing for each release is yet to be determined.
Scope	While previously the initial launch was planned to include full functionality across Individual and SHOP, by mid-September Cover Oregon decided to allow account creation but not application on day 1. The Release plan for the Fall is intended to support Go Live triage defects and any incremental features that are not released day 1 based on testing results.
Schedule	As additional information from Oracle became available, Cover Oregon has established a revised schedule with key deliverables for Q4 2013. The new schedule includes the final delivery of all CO environments, a plan for getting to Production Readiness within OMCS guidelines and the delivery of interim and December 1.1 Releases.



Budget	Cover Oregon is monitoring expenditure vs available funds. Additional funding needs are being assessed. Some adjustments and transitions across the fall will be required to sustain through 2014.
Funding	Cover Oregon concurs with the MAXIMUS finding that the organization has received grant funding from CCIO.
Board Governance	The Board governance process remains stable and the relationship and communication to the Board remains consistent.
Inter-Org Coordination	Cover Oregon has implemented a contingency process through which OHA will process Medicaid enrollments. If needed this process can be done manually. As manual enrollment is current OHA practice, doing this for new enrollments would be consistent with the process for which relevant OHA staff is already trained and capable of doing. Planning is underway with OHA to get its staff Siebel access.
Organizational Management	Primary staffing is complete, with some additional hiring occurring in Q4 to fill a few more positions and respond to identified needs. The organization is managing the growth and onboarding smoothly.
Human Resources	Cover Oregon has contracts in place to respond should additional resources be needed. Staff and the Executive team are invested in keeping morale up across the organization, planning is underway to provide relief to key staffers as needed.
Stakeholder Management	<p>The launch plan includes Communication plans with CPA partners and Carriers in particular as key stakeholders as we approach go live. Regular daily and weekly calls are planned with agents/community partners engaged in supporting Cover Oregon's initial launch.</p> <p>Cover Oregon has been messaging its launch plan in light of its desire to get it "right" rather than just putting out a potentially flawed system to meet the October 1 launch date. This message has been delivered to the Board, Legislature, state Administration and news media.</p>
Communication	The communications team is prepared to manage messaging to key stakeholders and media related to go live updates and ongoing releases.



<p>Project Management</p>	<p>The final build was incomplete and is defect heavy. The initial 10/1 release will be a minimal set of functionality focused on stage gates of delivery until defects can be resolved across various components. Release plans for October and November have been established to bring incremental functionality online to CPAs and for Full Launch. These plans may be revisited as additional testing gives more visibility to the state of the system. Production release planning is in place for the October and November planned releases. The releases may need to be adjusted based on test results. Cover Oregon would like to have in place Pre-prod and Performance test environments to support Production moves and to support load testing in preparation for Full Launch. To date we have not received a clear or adequate plan from Oracle for how to achieve these important milestones.</p>
<p>Contract Management</p>	<p>Since Cover Oregon took over the Oracle contract for exchange work in May, it has become progressively better able to identify and directly address contractor issues. Cover Oregon is working with Oracle to assess and rectify system issues and improve our ability to identify when functionality will be available.</p>
<p>Product Content</p>	<p>The Change Request process has been put on hold, with some limited changes that have been accepted for 10/1 or shortly thereafter. In September, Cover Oregon took the significant step to limit system access to agents and community partners only, and to allow only account creation, but not application, plan selection and enrollment.</p>
<p>Testing</p>	



SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED



Attachment A: Launch Assessment

Cover Oregon has requested that MAXIMUS do a high-level launch assessment of the organization. This 360^o assessment is intended to portray, as accurately as possible, the state of the Organization on Oct 1st 2013. The assessment was done from two perspectives. The first perspective was using a set of basic, industry recognized, criteria for a marketplace or exchange. These are criteria that are common to all exchanges see figure 1. Common Exchange Criteria. The second perspective was using a simple capability maturity scale developed by MAXIMUS to communicate the level of processing capability of the organization. See figure 2. Exchange Processing Capability.



Individual APTC and Medicaid Market		Yes	No	Limited	Remarks
1	Matching Buyers to Sellers				
1.1	Determine Product Offerings				
1.1.1	Product Features offered by Sellers	x			Using the CO, Deloitte built website consumers can view insurance plans and details.
1.1.2	Aggregation of different products	x			Using the CO, Deloitte built website consumers can view a variety of different types of plans from a number of different insurance carriers.
1.2	Search (of buyers for sellers)				
1.2.1	Price and Product Information	x			Using the CO, Deloitte built website consumers can enter their information and receive price quotes, subsidy information and details on insurance plans offered.
1.2.2	Matching seller offerings with buyer preferences	x			Using the CO, Deloitte built website consumers can view insurance plans by sorting and filtering preferences.
1.3	Price Discovery				
1.3.1	Process and outcome in determination of process	x			Consumers can fill out a paper application and submit for processing and enrollment into insurance carriers plans.
2	Facilitation of Transactions				
2.1	Logistics				
2.1.1	Delivery of information, good or service to buyer	x			Once enrolled into a plan the consumer will receive a notice from the insurance carrier of their enrollment and their plan details. Plan coverage will begin on Jan 1st 2014.
2.2	Settlement				
2.2.1	Transfer of Payment to Seller	NA			Subsidy's are paid directly to insurers by the IRS. Buyers of individual insurance plans pay sellers directly, not through the Exchange. OHA is paying a flat fee to the Cover Oregon for all Medicaid enrollees. Payment of Agent commissions from Cover Oregon are not due until Jan of 2014.
2.3	Trust				
2.3.1	Credit system, reputations, rating agencies	x			CO has worked successfully with insurance carriers on ensuring their participation in the Exchange. These carriers have provided plans that are rated and these rating are displayed to consumers via the CO, Deloitte built website. CO has also created a certification and training process for community partners and agents which participate in the Exchange to ensure they are reputable and knowledgeable on the program.
3	Institutional Infrastructure				
3.1	Legal				
3.1.1	Commercial Code, contract law, dispute resolution	x			CO has entered into agreements with agents and community partners, carriers and other governmental agencies needed to operate the State Exchange. CO has a dispute resolution process for the APTC and Medicaid consumer complaints in place.
3.2	Regulatory				
3.2.1	Rules and regulation, monitoring, enforcement	x			CO has interpreted that ACA law into rules and policy to ensure State compliance. CO determines eligibility for APTC and Medicaid in the individual market. CO actively monitors carriers, agents and community partners for compliance to their agreements with the Exchange.

Figure 1. Common Exchange Criteria



Level	Description	Assessment	Remarks
1	Inability to present plans, plan details and ratings for comparison. inability to present pricing, determine eligibility or enroll individuals using manual tools/processes.		
2	Ability to present plans, plan details and ratings for comparison. Ability to present pricing, determine eligibility or enroll individuals using manual tools/processes and/or some online tools or processes.	x	
3	Ability to present plans, plan details and ratings for comparison. Ability to present pricing, determine eligibility or enroll individuals using fully automated systems.		

Figure 2. Exchange Processing Capability



**Oregon Health Insurance Exchange Corporation
(ORHIX) / Cover Oregon (CO)
Monthly Quality Status Report**

October 2013

Deliverable #2.1.J

FINAL

Dated: Nov 14, 2013



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SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

- 1. Initial Risk Assessment** - identification of initial risks facing CO
- 2. Quality Management Plan (QMP)** – recommended activities and tasks to address risks
- 3. Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of October, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.

SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while 10 out of 16 Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule" remain high (red), which drives the overall high (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally. For example, in order to meet the federal requirement that the Exchange be up and running by January 1, 2014, the organization must be completed and ready to accept enrollments by October 2013. This is clearly a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and was dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of August, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO has accepted over 7,300 paper applications and is in the position to do final enrollment as the applications are verified.
- The organization has and continues to demonstrate flexibility and creativity in dealing with this complex system delivery.
- CO launched the Deloitte website on Oct 1st. This site enables public users to determine APTC eligibility and shop for medical and dental insurance.
- The CO website had over 330,000 unique visitors in October. Over 244,000 of these users browsed insurance plans.
- The initial launch of the Oracle system gave the CP/A's the ability to login and ID to the system. This system had over 3,900 users that authenticated to the system.



The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	QA Risk Level	Priority QA Finding and Recommendations	CO Risk Level	CO Response
OVERALL HEALTH		<ul style="list-style-type: none"> See below for specific priority recommendations. Continue to review, update, and track all outstanding quality risks and recommendations. 		<ul style="list-style-type: none"> Cover Oregon agrees that overall health remains High Risk as Cover Oregon worked through the month to bring up key functionality.
Business Mission and Goals		<ul style="list-style-type: none"> CO has been accepting and processing paper applications. Approximately 7,300 applications have been delivered to the State. CO is capable of enrolling applicants with insurance carriers when applications are completed. 		<ul style="list-style-type: none"> Cover Oregon has continued to keep its organizational mission and goals in the forefront, as it implemented a manual contingency process for determining eligibility. The need for additional capacity was assessed in October, and resources will be brought on in November.
Roadmap	Med	<ul style="list-style-type: none"> MAXIMUS expects that the short term roadmap to continue to change as issues arise with the Oracle system and Oracle's ability to deliver against the current set of requirements. 	Med	<ul style="list-style-type: none"> The release schedule was altered in late September once it was determined that expected functionality was not ready for launch. During October, CO identified manual and IT release dates that could be met by CO staff, contractors, OHA and Oracle, and planned out how the dates would be met. CO has some preliminary 2014 releases planned but the specific scope and timing for each release is yet to be determined.
Scope		<ul style="list-style-type: none"> It is likely that scope will continue to be trimmed if issues arise with the current plan or if development (Oracle) continues to under deliver. Each time Oracle misses the 		<ul style="list-style-type: none"> While initial launch was planned to include full functionality across Individual and SHOP, by mid-September Cover



		<p>dates they have by a significant margin, CO is left with very difficult choices and will often result in further adjustments to plans, releases, further scope reduction, etc. These actions by CO further exacerbate the Oracle ad hoc delivery process.</p>		<p>Oregon decided to allow account creation but not application on day 1.</p> <ul style="list-style-type: none"> The Open Enrollment release plan was amended in October based on new information. The revised plan supports the incremental release of functionality and ensures defects are identified, triaged and resolved.
Schedule		<ul style="list-style-type: none"> Oracle's ability to release system environments continues to be problematic. This has a significant impact on the schedule. Oracle's ability to properly estimate the work for any release is significantly lacking - this continues to affect the schedule and CO's ability to communicate dates to the public. 		<ul style="list-style-type: none"> As additional information from Oracle became available, Cover Oregon has established a revised schedule with key deliverables for Q4 2013. The new schedule includes the final delivery of all CO environments, a plan for getting to Production Readiness within OMCS guidelines and the delivery of interim and December 1.1 Releases.
Budget	Med	<ul style="list-style-type: none"> CO total budget, year to date (Sept), is underspent by approximately \$480K. The IT component of the CO budget, year to date (Sept), has overspent by approximately \$13.8 million. The budgeted amount was \$57 million and the actual amount is \$67 million. 	Med	<ul style="list-style-type: none"> Cover Oregon is monitoring expenditure vs available funds. Additional funding needs are being assessed. Some adjustments and transitions across the fall will be required to sustain through 2014. Cover Oregon is in discussion with Oracle with regard to delivery and payment issues.
Funding		<ul style="list-style-type: none"> CO has secured \$226 million in Level 2 funding for the Exchange. The amount remaining on the level 2 grant as of Sept is approximately \$149 million. It is recommended that CO work with CMS to determine if there are other opportunities for IT funding in the short term. 		<ul style="list-style-type: none"> Cover Oregon concurs.
Board		<ul style="list-style-type: none"> The CO Board meets on a regular basis and receives 		<ul style="list-style-type: none"> Cover Oregon concurs.



Governance		<p>updates from Executive Director and his staff on salient business, IT and stakeholder topics.</p> <ul style="list-style-type: none"> The CO Director accurately conveys the challenges of the IT system launch to the board during the board meetings. 		
Inter-Org Coordination	Med	<ul style="list-style-type: none"> Cover Oregon and OHA/DHS have been working together reasonable well. As issues arise the business units' work together to find a reasonable solution. 	Med	<ul style="list-style-type: none"> Cover Oregon and OHA have worked together to implement a manual contingency process that involves OHA processing Medicaid enrollments until the joint effort to send enrollments electronically is finalized and fully tested. If needed this process can be done manually. Manual enrollment is current OHA practice, making it consistent with the process for which relevant OHA staff is already trained and capable of doing. Cover Oregon and OHA are processing applications and enrollments and coordinating efforts.
Org Management		<ul style="list-style-type: none"> As the Oct 1st launch occurred there were unanticipated events that occurred and the organization adapted quickly. The adaptations in some cases required staff to put in tremendous effort. The line staff were consistently consulted and were given a voice in problem resolution. The level of effort mentioned above, shows the tremendous flexibility of the organization, however, this flexibility and effort takes its toll on the line staff and can't be expected during each software release. 		<ul style="list-style-type: none"> Staff worked well together across organizational lines to respond to challenges. The addition of temporary staff is planned to respond to current need, particularly in the service center but also in central office where needed. The organization is managing the growth and onboarding smoothly. Additional efforts are being taken at the organization-level to ensure that staff is able to meet Cover Oregon needs without depleting their personal resources.
Human Resources		<ul style="list-style-type: none"> There have been a number of examples of staff exhibiting signs of extreme stress. This stress is rooted in being 		<ul style="list-style-type: none"> October was a high stress month for the organization. Cover Oregon has contracts in place to



<p>Stakeholder Management</p>	<p>Med</p>	<p>overworked, doing work beyond their skillsets, individual stress tolerances, and/or different levels of commitment or expectations between staff and vendors. Extra care should be taken by executive management to monitor for signs of stress and intervene to ensure personnel health and organizational morale during this period.</p> <ul style="list-style-type: none"> CO should consider adding consultants/staff to backup and/or augment staff based on the reasons above. Missed delivery by Oracle of the Oct 31st release will require CO to communicate new expectations to stakeholders Releasing a system that is unreliable/not stable will frustrate users and may negatively affect the CO brand. It is recommended that when Oracle presents release dates, features, defect tolerances and user capacity CO should memorialize these items in formal "cure" letters. 	<p>Med</p>	<p>respond should additional resources be needed.</p> <ul style="list-style-type: none"> Staff and the Executive team are invested in keeping morale up across the organization. Planning is underway to provide relief to key staff as needed. Additionally, Staff across the organization is actively supporting one another in both formal and informal ways. Communication with Community Partners, Agents and Carriers was a key to managing through October and will continue going forward. Agents and community partners involved with Cover Oregon's initial launch are being informed and consulted regularly through daily calls and emails, and weekly meetings. Cover Oregon has been messaging its launch plan and providing updates to the Board, Legislature, state Administration and news media as things continue to evolve.
<p>Communications</p>	<p>Med</p>	<ul style="list-style-type: none"> MAXIMUS expects that additional changes/fixes may occur as system releases are launched throughout the fall. CO needs to ensure that procedures are in place to retrain CP/A's, CSR's and OHA personnel prior to the release of incremental features. Based on Oracle's inability to estimate work and meet system release dates, CO should consider developing an outbound communications strategy that acknowledges this situation. 	<p>Med</p>	<ul style="list-style-type: none"> The communications team has responded to stakeholder and media requests for up-to-date information related to functionality and releases. Cover Oregon messaging is coordinated with OHA and involves administration feedback.



<p>Project Management</p>	<ul style="list-style-type: none">• CO has commissioned MAXIMUS to review these Oracle processes. MAXIMUS has reviewed the processes and have found the processes do not meet industry standards. Impact analysis, code review, coding standards and proper parallel development techniques are ad hoc and inconsistently applied or understood.• On Oct 9th the CO production system was taken down after a release of a simple patch by Oracle. A root cause analysis was conducted by Oracle (see Attachment A to this report). MAXIMUS analysis concluded the following:<ul style="list-style-type: none">• The outage could have been averted.• The Oracle code written and implemented was not of sufficient quality.• Oracle code peer review was not sufficient.• Testing was not sufficient.• Oracle's ability to deliver environments in a timely manner continues to be an issue.• CO should consider reducing the amount of developers in the Siebel component of the solution. This product in particular, does not lend itself to parallel development.• CO should consider focusing on a single component of the system using a small cross functional team of SME's, BA's, developers and testers doing rapid fix and test to begin to show forward progress more rapidly. If this proves productive, additional teams should be formed to similar work in other areas over time.	<ul style="list-style-type: none">• Cover Oregon concurs with MAXIMUS's assessment. Based on its own review, Cover Oregon has insisted to the most senior Oracle managers that they rectify these findings, and we have been directly enforcing that development processes meet industry standard best practices.• Cover Oregon concurs with MAXIMUS's assessment and has demanded that Oracle improve code quality and development discipline.• Production releases were rescheduled in October for the Q4 2013 releases. Cover Oregon is prepared to adjust releases based on test results.• Cover Oregon has directed Oracle to retain the most experienced Siebel developers and augment with high-level, highly experienced developers and architects.• Small teams have been established in the production room, bringing together developers from different areas with subject matter experts to work on key issues and system functionality.
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<p>Contract Management</p>	<p>Med</p>	<ul style="list-style-type: none"> • MAXIMUS understands that payment to Oracle is being withheld and DOJ is being consulted on how to best manage the lack of performance by Oracle. • Oracle's performance is clearly lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review. • Oracle continues to post dates for specific deliveries and consistently miss delivery targets, a clear example is that of environment delivery. Oracle was to delivery 7 environments by 9/26/13 and to date they have only delivered 5. 	<p>Med</p>	<ul style="list-style-type: none"> • Since Cover Oregon took over the Oracle contract for exchange work in May, it has become progressively better able to identify and directly address contractor issues. Cover Oregon is working with Oracle to assess and rectify system issues and improve our ability to identify when functionality will be available.
<p>Product Content</p>	<p>Med</p>	<ul style="list-style-type: none"> • In September, Cover Oregon took the significant step to limit system access to agents and community partners only, and to allow only account creation, but not application, plan selection and enrollment. Oracle set the expectation CO Board that full functionality would be completed by the end of Oct (see Oct Board transcripts). This did not materialize. • CO has commissioned Deloitte to create a light weight website that will provide the public with the ability to identify APTC tax credits and browse insurance plans. This website has proved helpful to a number of people and families that are likely qualified for tax credits. 	<p>Med</p>	<ul style="list-style-type: none"> • Cover Oregon concurs that Oracle did not meet its commitments to the Cover Oregon Board. Cover Oregon is now working with top Oracle technical leadership and the Oracle CEO is now being apprised daily to ensure that no more slippage occurs. • The "public website" created by Deloitte provides individual users with a tool to estimate individual tax credit eligibility, anonymous browse capability, and agent/community partner search. Cover Oregon concurs that it has been useful for consumers interested in determining what they might be eligible to receive.
<p>Testing</p>	<p>Med</p>	<ul style="list-style-type: none"> • Software releases into test from development are being implemented daily/weekly. The 	<p>Med</p>	<ul style="list-style-type: none"> • Cover Oregon has directed Oracle to produce more targeted releases that focus on specific areas on functionality, and



		<p>releases are not stable and fixes and features are appearing randomly in the releases. In addition, more items are breaking than are being repaired. This is indicative if too much concurrent Oracle development in an uncontrolled development environment.</p> <ul style="list-style-type: none">• Performance testing by Oracle is dependent on a stable release of the system. In addition, sufficient features need to be developed and released for performance testing to be meaningful.		<p>that reflect Cover Oregon's production release plan. This has allowed the test team to focus testing more effectively to ensure solid coverage on each release to the test environment, and to plan more rigorous regression testing. Development work has been moved to a more stable environment, which has allowed the developers to carry out more effective unit testing, which has improved the quality of the code entering the test environment. A pre-production environment will come on line in November, and will be used for regression testing.</p> <ul style="list-style-type: none">• A performance test environment is now in place, and performance test planning is in progress, now that the enough functionality has been delivered to make performance testing meaningful.
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Table 2: QA Risk Level Tracking

Quality Rating Category	Jan '13	Feb '13	Mar '13	Apr '13	May '13	June '13	July '13	Aug '13	Sept '13	Oct '13
OVERALL HEALTH										
Business Mission and Goals	M	M	M						M	
Roadmap	M	M	M	M	M	M	M	M	M	M
Scope										
Schedule										
Budget	M	M	M	M	M	M	M	M	M	M
Funding										
Board Governance										
Inter-Org Coordination									M	M
Organizational Management										
Human Resources	M	M	M	M	M	M	M	M	M	
Stakeholder Management									M	M
Communication				M	M	M	M	M	M	M
Project Management	M	M	M							
Contract Management	M	M	M						M	M
Product Content										
Testing	M									



SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of October, 2013.



Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. For ease of readability, the unique numbering has been reset for both risks and recommendations, to assist in tracking. The integrity of the numbering will be preserved during future reports.

Table 3: Detailed Quality Standards Scorecard




Quality Rating Category	Sept 2013	Oct 2013	Risk Assessment Finding, Risks, and Recommendations
Business Mission and Goals (BMG)	Med		<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO has been accepting and processing paper applications. Approximately 7300 applications have been delivered to the State. CO is capable of enrolling applicants with insurance carriers when applications processing is completed by CO and OHA. • The Exchanged was launched to only Agents and Community Partners using a combination of the Deloitte built website and the Oracle system. The Deloitte website is housed using Amazon's cloud service. This site will enable public users, Agents and Community Partners to enter in their information to determine tax credits, browse plans and review plan information and costs. This information can be utilized to fill out paper applications via a PDF form. • The Oracle system was released to only Agents and Community Partners and is limited to login and ID proof only. Additional functionality is intended to be available in future releases. Each subsequent release will most likely go into production with known defects and manual workarounds. • The system is being accessed by these groups for a limited amount of hours per day and the system will be unavailable in the evening for maintenance. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without clear understanding, communication and alignment of the deadlines and contingency plans for each Oracle system release between the business units (CO, OHA) procedures for application processing may be incomplete or out of synch. 2. Without a clear understanding and testing of each Oracle release CO business may encounter negative feedback from the CP/A users. 3. Without a detailed system release plan, coordination of IT, OPS and Marketing and training may not be in full alignment for each subsequent release. 4. Launching the Oracle system with known defects may result in a bad user experience which could affect the CO brand long term.



			<p>Recommendations:</p> <ol style="list-style-type: none"> 1. Ensure that each Oracle release is tested and defects are well documented. These defects, if accepted by CO, will drive workaround and contingency plans.CO should ensure these are all well documented and communicated to internal staff. In addition, this information will drive the training for the CP/A on each release and CO should ensure that training and materials are available to the CP/A prior to releasing the Oracle software to production. 2. Continue to refine the feature roadmap and ensure that it is connected with the business strategy, marketing, training and communications as well as OHA/DHS.
Roadmap (RM)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • MAXIMUS expects that the short term roadmap to continue change as issues arise with the Oracle system and Oracle's ability to deliver against the current set of requirements. • Based on the soft launch strategy the roadmap for the next few releases are proposed based on essential business features for the next couple of months. • Additional scope may need to be deferred as a more detailed level of effort is provided and Oracle's ability to deliver. • Releases of the system will be implemented throughout the fall of 2013. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a clear, comprehensive, and authoritative description of the Exchange roadmap, the project will likely continue to have incomplete data for future budgeting and unclear project priorities. 2. Without a roadmap projection beyond 2013 will be difficult to do development budget projections for future grants and operations and development. 3. Without a process for determining the roadmap priorities it will be difficult to determine what features will have the highest impact of CO target metrics. 4. The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the new fall roadmap. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Oracle and CO should create integrated prioritized roadmap to communicate with the CO staff, CO Board of Directors, and other stakeholders how the CO metrics will be achieved.



		<p>2. The process for developing the roadmap(s) should be documented so that it can be evaluated by stakeholders prior to getting deep into the process. Also, all underlying assumptions should be articulated in the process so they can be agreed upon by executive management.</p> <p>3. Finalize the near term functional roadmap, including a high-level schedule of required functionality, and prioritized features.</p>
<p>Scope (SCP)</p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • It is likely that scope will continue to be trimmed if issues arise with the current plan or if development (Oracle) continues to under deliver. • Each time Oracle misses the dates they have by a significant margin. CO is left with very difficult choices and will often result in further adjustments to plans, releases, further scope reduction, etc. These actions by CO further exacerbate the Oracle ad hoc delivery process. • CO has deferred a piece of the Medicaid interface into the OHA MMIS system until TBD. • Currently, a cross functional view of the Product Development Lifecycle (PDLC) does not exist and clear connections between development, operations, marketing and communications are lacking. • The Oracle development group did not deliver all the Oct features as scheduled. This will most likely push features in subsequent iterations further out in time and/or result in significant scope reduction in the near future. <p>Risks:</p> <ol style="list-style-type: none"> 1. Lack of discipline and control of the change management process will result in incomplete build documentation, testing errors and schedule slips. 2. Without a tight linkage between development, business, marketing, and communications the current launch strategy with the current scope will be difficult to manage after launch. 3. The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the new fall roadmap. 4. The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the reduced scope. <p>Recommendations:</p>



			<ol style="list-style-type: none"> 1. Define and implement clear project management processes and controls for maintaining the CO WBS, including "rolling wave" elaboration of near-term work. 2. Continue to integrate the use of the Schedule (and underlying WBS) into the day-to-day management and planning of the project especially for future product releases. This will ensure that these documents are useful and accurate. 3. Develop clear milestones, tasks and checkpoints for the Scope lockdown and sizing for the final iterations for the fall releases. Communicate these items to all appropriate stakeholders. 4. CO should ensure that the manual paper application process is leveraged heavily during the soft launch process.
<p>Schedule (SCH)</p>			
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • Oracle's ability to release system environments continues to be problematic. This has a significant impact on the schedule. • Oracle's ability to properly estimate the work for any release is significantly lacking, this continues to affect the schedule and CO's ability to communicate dates to the public. • The CO team reviews and updates the schedule weekly with ORACLE and other development, integration and test groups. The schedule is less predictive at this point in the project. It is primarily used to track status of releases. • The CO schedules lack baselines for variance measurements. This information will be important for future roadmap and feature release estimates. • The lack of reliable estimating by the Oracle teams, undiscovered development issues and incomplete requirements by CO will result in continued surprises to CO throughout the initial launch and subsequent releases in the fall. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a clear understanding of how Oracle estimates the development work and their schedule, including the activities and tasks specifically assigned to CO, there is a risk that releases will continue to slip. 2. Without clearly linked schedules between CO and Oracle development and Oracle On Demand services, the project will suffer from confusion and misaligned expectations and deadlines.



			<p>Recommendations:</p> <ol style="list-style-type: none"> 1. Develop a single, comprehensive, baselined schedule for all Oracle development, Oracle On Demand Services, Oracle Performance test and CO test work. 2. Define and implement common project management processes and controls for maintaining the schedule across Oracle and CO, including "rolling wave" elaboration of near-term activities, baselining, variance tracking, resource loading and common reporting of project progress and status. 3. Given the difficulty in estimating the development with Oracle and delivery Oracle environments, CO should embed sufficient slack in its schedule (on the order of 50+ percent). CO should continue to monitor the IT delivery deviations. These deviations should be reported to CO Executive staff in the weekly or monthly reports by CO CIO.
Budget (BGT)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO total budget, year to date (Sept), is underspent by approximately \$480K. • The IT component of the CO budget, year to date (Sept), has overspent by approximately \$13.8 million. The budgeted amount was \$57 million and the actual amount is \$67 million. • Significantly increasing Oracle development and testing staff to complete the first release will have an overall impact on the budget. <p>Risks:</p> <ol style="list-style-type: none"> 1. The lack of fully elaborated, integrated and baselined WBS and schedule raises the risk that the project scope, schedule, and therefore costs are not clearly understood. As a result, the budget is most likely inaccurate. 2. Changes in architecture approach and SIT testing will affect the budget of the organizations. 3. The addition of unplanned development resources to achieve the outstanding scope will increase costs in the budget in the short term. 4. The addition of the Deloitte public website to compensate for the lack of delivery by Oracle will increase project IT costs. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Document and implement a budgeting process for CO. This process should include the tracking of assumptions and dependencies. This budget should have significant reserve for unbudgeted items given the organization and the system is new. 2. Update the budget projections for CO. Ensure the budget projections are aligned with the roadmap

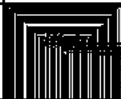


			<p>items that will be established.</p> <p>3. With the addition of Oracle resources to complete the development and testing of the Exchange a budget reevaluation should be conducted to determine the budget impact of this decision.</p>
Funding (FND)			
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO has received \$226 million in Level 2 funding. Approximately \$90 million is for IT of which \$67 million has been spent. • The amount remaining on the level 2 grant as of Sept is approximately \$149 million. • CO expects that additional funding opportunities will be available in 2014 by CMS. <p>Risks:</p> <ol style="list-style-type: none"> 1. The increased rate of IT spending will most likely reduce spending in some other critical area of CO. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. It is recommended that CO work with CMS to determine if there are other opportunities for IT funding in the short term.
Board Governance (BG)			
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • The CO Board meets on a regular basis and receives updates from Executive Director and his staff on the salient business, IT and stakeholder of topics. • The CO Executive Director continues to convey the challenges of the IT system launch to the board members at the monthly board meetings. <p>Risks:</p> <ol style="list-style-type: none"> 1. None <p>Recommendations:</p> <ol style="list-style-type: none"> 1. None



<i>Inter-Org Coordination (IOC)</i>	<i>Med</i>	<i>Med</i>	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • Cover Oregon and OHA/DHS business/policy analysts have been working together reasonable well. As issues arise the business units work together to find a reasonable solution. • CO Customer Service and OHA 5503 have worked well in creating a manual paper application and processing. This includes scanning and logging of the paper applications in the system. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without proper coordination among OHA/DHS and CO policy and business operations it will put CO in a difficult position with respect to planning the completion the MMIS and CO interfaces for automated Medicaid Eligibility and Enrollment. 2. Without proper coordination among OHA/DHS and CO policy and business operations paper processing of Medicaid and APTC applications have difficulties. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. The work with OHA Business and technology will need to mature and will probably span over multiple system releases. With this understanding CO should consider crafting a long-term strategy i.e., roadmap that demonstrates short term as well as long term goals and objectives with respect to the interfaces into MMIS.
<i>Organizational Management (OM)</i>			
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • As the Oct 1st launch occurred there were unanticipated events that occurred and the organization adapted quickly. The adaptations in some cases required staff to put in tremendous effort. The line staff were consistently consulted and were given a voice in problem resolution. • The level of effort mentioned above, shows the tremendous flexibility of the organization, however, this flexibility and effort takes its toll on the line staff and can't be expected during each software release. • The Organization is growing at a rapid pace and seems to be adapting and managing the growth well. <p>Risks:</p>




			<p>1. Dependence on key individuals to compensate for lack of system delivery will produce burnout, stress conditions, turnover and/or negative morale.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. As the CO Roadmap, WBS and Schedule are updated, Executive Management should clearly get formal assertion from Oracle in the form of a contract amendment for specific releases and functionality and quality moving forward. 2. CO should set realistic goals with respect to system deliveries and if these goals are not met the dates should be reset to a reasonable manual processing date and goal so that personnel can adapt without the need for heroic efforts. 3. Continue to identify key internal operational processes and assign these processes to the specific executive management for development. 4. Continue to refine and update the CO organizational chart, including detailed roles, responsibilities, expectations, and authorities.
<p><i>Human Resources (HR)</i></p>	<p><i>Med</i></p>		
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • There have been a number of examples of staff exhibiting signs of extreme stress. This stress is rooted in being overworked, doing work beyond their skillsets, individual stress tolerances, and/or different levels of commitment or expectations between staff and vendors. Extra care should be taken by executive management to monitor for signs of stress and intervene to ensure personnel health and organizational morale during this period. • CO should consider adding consultants/staff to backup and/or augment staff based on the reasons above. • Releasing a system that has known defects will increase the load on the Customer Service Reps (CSRs). Management should specifically monitor these groups for signs of stress. <p>Risks:</p> <ol style="list-style-type: none"> 1. The dynamic nature and fast organizational growth of CO may create significant staff stress and frustration. Communication and HR support systems will be taxed. 2. Staff with gaps in their skill sets can create schedule delays, rework and/or incorrect planning and execution for the organization. 3. Over worked/stressed employees or contractors will tend to make simple mistakes which can result



			<p>in rework or issues with clients.</p> <p>4. Health of stressed or overworked individuals can result in loss of key individuals on the project.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> CO should consider hiring additional technical staff to monitor/augment Oracle staff. The current CO staff are either too sparse or not do not have sufficient skill level to handle the complex development and release environment. Continue to support team building and informal support structures for staff. Have an independent review of the IT organization to determine if new roles and personnel are needed based on the change in architecture, and the more complex development and release processes. HR should conduct spot reviews/interviews and or skip level interviews with personnel to monitor morale and health issues with personnel including contractors.
Stakeholder Management (SM)		Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> Missed delivery of the Oct 31 release by Oracle will require CO to communicate new expectations to stakeholders. Releasing a system that is unreliable/not stable will frustrate users and may negatively affect the CO brand. <p>Risks:</p> <ol style="list-style-type: none"> Lack of proactive communication with Exchange stakeholders may limit early participation and/or public confidence. Establishing and communicating system release dates and not meeting the dates will result in credibility issues with both internal and external stakeholders. For example, Oracle told the CO Board that the CP/A and the Individual components of the system would be launched by Oct 31st. If the Exchange does not manage stakeholder expectations in a consistent manner then CO's management credibility may suffer. <p>Recommendations:</p> <ol style="list-style-type: none"> It is recommended that when release dates are to be provided to key stakeholders that Oracle executive management be present. It is recommended that Oracle executive management present the dates, features, thresholds and capacity information, i.e., number of user that the



			<p>system is tested to accommodate.</p> <ol style="list-style-type: none"> 2. It is recommended that CO resist releasing a system that does not meet the threshold set for defects and/or the capacity. 3. It is recommended that when Oracle present release dates they believe they can make and CO accepts these dates, that should memorialize these dates, features, defect tolerance and capacity in "cure" letters.
<i>Communications (COMM)</i>	<i>Med</i>	<i>Med</i>	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • MAXIMUS expects that additional changes/fixes may occur as system releases are launched throughout the fall. CO needs to ensure that procedures are in place to retrain CP/A's, CSR's and OHA personnel prior to the release of incremental features. • Based on Oracle's inability to estimate work and meet system release dates, CO should consider developing an outbound communications strategy that acknowledges this situation. <p>Risks:</p> <ol style="list-style-type: none"> 1. If the Exchange does not communicate its functions in a consistent manner then confusion and frustration may result for entities that need to oversee, interface with, purchase or supply services to the Exchange. 2. If the Exchange does not communicate its functions in a consistent manner then CO's management credibility may suffer. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. The internal marketing function of CO is working with the IT, SME's and executive management to identify areas where specialized high level communications need to take place. 2. The Marketing organization should establish consistent messaging for the organization that reflects Oracles inability to deliver a stable system, on time and with the appropriate features.
<i>Project Management (PM)</i>			




		<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO has commissioned MAXIMUS to review these Oracle processes. MAXIMUS has reviewed the processes and have found the processes do not meet industry standards. Impact analysis, code review, coding standards and proper parallel development techniques are ad hoc and inconsistently applied or understood. • Oracle's ability to deliver environments in a timely manner continues to be an issue. • CO should consider reducing the amount of Oracle developers in the Siebel component of the solution. This product in particular, does not lend itself to parallel development and the amount of programmers are most likely creating more problems by lack of proper coordination and ad hoc practices. • On Oct 9th the system production system was taken down after a release of a simple patch by Oracle. A root cause analysis was conducted by Oracle. this information was presented to MAXIMUS for analysis. MAXIMUS analysis concluded the following: <ul style="list-style-type: none"> ○ The outage could have been averted if the contingency plan on the CR was implemented as noted, i.e., reloading the affected table when the issue was identified by the Oracle Solution Architect on the evening of Oct 2nd (see case name RCA timeline). ○ The Oracle code written and implemented was not of sufficient quality. Failing to reset variables used in a loop, either at the end of the loop, or at the start of a new loop and performing a 'blanket' update of records without checking that <u>all</u> requisite conditions are 'true' and that an update is necessary are basic software coding techniques. ○ Oracle code peer review was most likely not conducted based on the issues identified above. ○ Testing was not done, not done correctly or the environments are sufficiently different that the testing was ineffective. • Resolution of defects by Oracle is taking up to 10 days. CO should consider focusing on a single feature component of the system using a small cross functional team of SME's, BA's, developers and testers doing rapid fix and test to begin to show forward progress more rapidly, for example, CP/A eligibility component. If this proves productive, additional teams should be formed to similar work in other areas over time. • Without sufficient slack in the schedule (based on past variance) the plan for the future features is optimistic. • Change management process needs to be further tightened down by the PM. • Release management procedures needs to be developed and instituted by the PM. <p>Risks:</p> <ol style="list-style-type: none"> 1. A change management process that is not effective will result in schedule slips, testing errors, etc.
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			<ol style="list-style-type: none"> 2. Lack of environments will require CO to make difficult decisions, none of which are desirable. 3. Too many developers accessing and troubleshooting "bad code" will result in more instability and potentially more bad code. 4. A production release management process that is incomplete or not well planned can cause credibility issues with the public if features or fixes appear without proper communication. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. It is recommended that CO formalize and implement a comprehensive change control process. 2. It is recommended that CO have Oracle document their parallel software development and release process to ensure it is aligned with an operational environment. This is important as the organization transitions from a pure development environment to an operational environment. 3. It is recommended that CO have Oracle define the delivery schedule for the remaining environments and memorialize the schedule using a "cure" letter. 4. It is recommended that Oracle outline how they intend to improve the quality of their code. CO should request a formal code review by Oracle QA.
Contract Management (CM)		Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • MAXIMUS understands that payment to Oracle is being withheld and DOJ is being consulted on how to best manage the lack of performance by Oracle. • Oracle's performance is lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review. • Oracle continues to post dates for specific deliveries and consistently miss delivery targets, a clear example is that of environment delivery. Oracle was to delivery 7 environments by 9/26/13 and to date they have only delivered 5. <p>Risks:</p> <ol style="list-style-type: none"> 1. In general, agreements that allow contractor's to bill for hours worked, instead of fixed priced payments for satisfactory completion of specific deliverables, leave the onus on CO to verify that the hours were worked and sufficient value was created by the contractors, according to their individual agreements. It may also be difficult to prove or justify the commensurate expenditures. 2. Without a clear tie between contractor work and the project WBS or schedule, effective management of contractor effort and billings will be difficult.



		<p>3. Oracle's ability to perform is an issue on the project.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Conduct an independent assessment of all contractor activities and proposed deliverables. Identify opportunities to convert contractor payment method to state approval of specific contractor fixed-priced deliverables. Renegotiate agreements, as appropriate. 2. Define specific roles and responsibilities for contractors. Clearly assign work, as defined in the WBS and schedule, to specific contractor staff. Use this information to update the CO staffing plan, as appropriate. 3. Clearly tie contractor work to the project WBS or schedule. Track progress (% complete) accordingly. 4. CO should consider having DOJ review the Oracle contracts for performance. 5. CO should consider holding up all payments to Oracle until the vendor can deliver product in a professional manner. 6. CO Management should clearly get formal assertion from Oracle in the form of a "cure" letter or contract amendment for specific releases dates, functionality and quality moving forward.
<p>Product Content (PC)</p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • In September, Cover Oregon took the significant step to limit system access to agents and community partners only, and to allow only account creation, but not application, plan selection and enrollment. Oracle set the expectation CO Board that full functionality would be completed by the end of Oct (see Oct Board transcripts). This did not materialize. • CO has commissioned Deloitte to create a light weight website that will provide the public with the ability to identify APTC tax credits and browse insurance plans. This website has proved helpful to a number of people and families that are likely qualified for tax credits • The technical details of the design are not being recorded by the developers as they complete the design. <p>Risks:</p> <ol style="list-style-type: none"> 1. Severe compression of the schedule will adversely affect the quality and reliability of the system. 2. If design details are not documented and developers move on, a technology transfer is lost. 3. Too many Oracle developers working on the same code base without proper controls can result



			<p>in system instability and features and functionality to appear in the system at the wrong times.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> 1. A complete and accurate record of all iteration use case work packages and Oracle functional and technical design documents and Corporation testing documents should be organized and kept as a complete package in the Dropbox. Understanding the amount of customization of the current implementation will be critical for CO as future needs are established. 2. CO should consider reducing the amount of developers in the system by further scope deferment. In addition, CO should review Oracle's development resources and their workload to ensure they are working only on the current feature set.
Testing (TST)			
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • Software releases into test from development are being implemented daily/weekly. The releases are not stable and fixes and features are appearing randomly in the releases. In addition, more items are breaking then are being repaired. This is indicative if too much concurrent Oracle development in an uncontrolled development environment. • Performance testing by Oracle is dependent on a stable release of the system. In addition, sufficient features need to be developed and released for performance testing to be meaningful • Oracle SIT testers do not have a full grasp of the desired functionality of the system, therefor their testing quality is insufficient. <p>Risks:</p> <ol style="list-style-type: none"> 1. Current iterations are being accepted without a formal and methodical review of the product by the BA's. This may result in SIT testing being conducted on incorrect UI design and functionality. 2. Lack of a dedicated test environment will limit the exposure of the BA's and SME's with the product that is being developed. It is very important that SME's have ample time to play with the design so they may be able to refine the design as necessary. 3. Lack of performance testing on the production environment may result in the production environment not being able to handle the load of the system when launched to the public. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Ensure that usability testing using typical users of the system is included in the testing of the Exchange on-line system.



			<ol style="list-style-type: none">2. Ensure that the code delivered from development has been properly documented and that release notes are delivered with each release as it is delivered to the testing teams.3. CO should consider having BA's review the development of features prior to the system being released for test.4. CO should consider escalating within Oracle the issue of environment delivery. Lack of environments is causing a tremendous amount of risk for the project.
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SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that overall health remains High Risk as Cover Oregon worked through the month to bring up key functionality.
Business Mission and Goals	Cover Oregon has continued to keep its organizational mission and goals in the forefront, as it implemented a manual contingency process for determining eligibility. The need for additional capacity was assessed in October, and resources will be brought on in November.
Roadmap	<p>Cover Oregon altered the release schedule in late September once it was determined that expected functionality was not ready for launch. During October, Cover Oregon identified manual and IT release dates that could be met by Cover Oregon staff, contractors, OHA and Oracle, and planned out how the dates would be met.</p> <p>Initial 2014 release planning has occurred but the specific scope and timing for each release is yet to be determined.</p>
Scope	<p>While initial launch was planned to include full functionality across Individual and SHOP, by mid-September Cover Oregon decided to allow account creation but not application on day 1.</p> <p>The Open Enrollment release plan was amended in October based on new information. The revised plan supports the incremental release of functionality and ensures defects are identified, triaged and resolved.</p>
Schedule	As additional information from Oracle became available, Cover Oregon established a revised schedule with key deliverables for Q4 2013. The new schedule includes the final delivery of all CO environments, a plan for getting to production readiness within OMCS guidelines and the delivery of interim and December 1.1 releases.
Budget	<p>Cover Oregon is monitoring expenditure compared to available funds. Additional funding needs are being assessed. Some adjustments and transitions across the fall will be required to sustain through 2014.</p> <p>Cover Oregon is in discussion with Oracle with regard to delivery and payment issues.</p>
Funding	Cover Oregon concurs with the MAXIMUS finding and is evaluating its ongoing



	funding needs and opportunities for additional grant funds.
Board Governance	Cover Oregon concurs with the MAXIMUS finding.
Inter-Org Coordination	<p>Cover Oregon and OHA are processing applications and enrollments and coordinating efforts.</p> <p>Cover Oregon and OHA have worked together to implement a manual contingency process that involves OHA processing Medicaid enrollments until the joint effort to send enrollments electronically is finalized and fully tested. If needed this process can be done manually. Manual enrollment is current OHA practice, making it consistent with the process for which relevant OHA staff is already trained and capable of doing.</p>
Organizational Management	Staff has worked well together across organizational lines to respond to challenges. The addition of temporary staff is planned to respond to current need, particularly in the service center but also in central office where needed. The organization is managing the growth and onboarding smoothly. Additional efforts are being taken at the organization-level to ensure that staff is able to meet Cover Oregon needs without depleting their personal resources.
Human Resources	<p>October was a high stress month for the organization. Staff and the Executive team are invested in keeping morale up across the organization. Planning is underway to provide relief to key staff as needed. Additionally, Staff across the organization is actively supporting one another in both formal and informal ways.</p> <p>Cover Oregon has contracts in place and is investigating additional resources to respond to the continuing workload.</p>
Stakeholder Management	<p>Communication with community partners, agents and carriers was a key to managing through October and will continue going forward.</p> <p>Agents and community partners involved with Cover Oregon's initial launch are being informed and consulted regularly through daily calls and emails, and weekly meetings.</p> <p>Cover Oregon has been messaging its launch plan and providing updates to the Board, Legislature, state Administration and news media as things continue to evolve.</p>
Communication	The communications team has responded to stakeholder and media requests for up-to-date information related to functionality and releases. Cover Oregon messaging is coordinated with OHA and involves administration feedback.
Project Management	<p>Cover Oregon concurs with MAXIMUS's assessment. Based on its own review, Cover Oregon has insisted to the most senior Oracle managers that they rectify these findings, and we have been directly enforcing that development processes meet industry standard best practices.</p> <p>Cover Oregon concurs with MAXIMUS's assessment and has demanded that Oracle improve code quality and development discipline.</p> <p>Production releases were rescheduled in October for the Q4 2013 releases. Cover Oregon is prepared to adjust releases based on test results.</p> <p>Cover Oregon has directed Oracle to retain the most experienced Siebel</p>



	<p>developers and augment with high-level, highly experienced developers and architects.</p> <p>Small teams have been established in the production room, bringing together developers from different areas with subject matter experts to work on key issues and system functionality.</p>
Contract Management	<p>Since Cover Oregon took over the Oracle contract for exchange work in May, it has become progressively better able to identify and directly address contractor issues. Cover Oregon is working with Oracle to assess and rectify system issues and improve our ability to identify when functionality will be available.</p>
Product Content	<p>Cover Oregon concurs that Oracle did not meet its commitments to the Cover Oregon Board. Cover Oregon is now working with top Oracle technical leadership and the Oracle CEO is now being apprised daily to ensure that no more slippage occurs.</p> <p>The "public website" created by Deloitte provides individual users with a tool to estimate individual tax credit eligibility, anonymous browse capability, and agent/community partner search. Cover Oregon concurs that it has been useful for consumers interested in determining what they might be eligible to receive.</p>
Testing	<p>Cover Oregon has directed Oracle to produce more targeted releases that focus on specific areas on functionality, and that reflect Cover Oregon's production release plan. This has allowed the test team to focus testing more effectively to ensure solid coverage on each release to the test environment, and to plan more rigorous regression testing. Development work has been moved to a more stable environment, which has allowed the developers to carry out more effective unit testing, which has improved the quality of the code entering the test environment. A pre-production environment will come on line in November, and will be used for regression testing.</p> <p>A performance test environment is now in place, and performance test planning is in progress, now that the enough functionality has been delivered to make performance testing meaningful.</p>



SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

Attachment A: Oracle Root Cause Analysis



Oracle Root Cause
Analysis



CR 1392



**Oregon Health Insurance Exchange Corporation
(ORHIX) / Cover Oregon (CO)
Monthly Quality Status Report**

November 2013

Deliverable #2.1.K

FINAL

Dated: Dec 17, 2013



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SECTION 1: Introduction

Cover Oregon (CO) recognizes the value of an independent, third-party formal quality assurance (QA) services. To meet this need, CO has engaged MAXIMUS to provide the following QA services:

1. **Initial Risk Assessment** - identification of initial risks facing CO
2. **Quality Management Plan (QMP)** – recommended activities and tasks to address risks
3. **Monthly Quality Status Reports** – monthly tracking of progress of managing risks

This document represents the Monthly Quality Status Report for the month of November, 2013. This report builds upon the initial risks that were identified in the Initial Risk Assessment and prior monthly Quality Status Reports and summarizes any relevant updates to findings, risks, or recommendations.

Brief ORHIX / CO Background

The design and implementation of an insurance exchange is a key part of Oregon's current health reform efforts aimed at improving the health of Oregonians by increasing the quality and availability of medical care, and controlling costs. Once implemented, the Oregon Health Insurance Exchange will be a central marketplace where consumers and small employers can shop for health insurance plans and access federal tax credits to help them pay for coverage.

As required by the Affordable Care Act (ACA), the Exchange will offer a variety of services. Through the Exchange website, Oregonians will be able to easily compare plans, find out if they are eligible for tax credits and other financial assistance, select and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and working with community-based navigators and insurance agents.



SECTION 2: Executive Summary

The overall risk has not changed during the period.

The overall risk level for CO is HIGH (red).

Please note, that while progress was made during the month, the progress was not considered significant enough to lower the overall risk of the whole endeavor. In other words, progress in some areas since last month is offset by the fact that there is one less month until the federally mandated deadlines. Additionally, each rating category will carry a different relative weight when assessing the overall risk level of the effort. For example, while half of the Quality Rating Categories are medium (yellow) or low (green), critical categories including "Scope", "Schedule" remain high (red), which drives the overall high (red) risk assessment.

It is important for these findings and recommendations to be viewed in a larger context. CO faces some unique challenges due to the nature of the larger health system transformation within the State of Oregon and Nationally, including a very aggressive timeline. And this work must be achieved in an environment of evolving federal requirements and user expectations.

The environment within which CO operates is changing rapidly and involves a number of state and federal government agencies, insurance companies, community organizations and public interest groups. In addition, CO is a relatively small public corporation that is evolving rapidly and was dependent on the Oregon Health Authority (OHA) for the initial development of the Health Insurance Exchange - Information Technology (HIX-IT) solution.

As a result of this dynamic and complex situation, it is not unexpected that many of the risk levels evaluated were determined to be high (red).

The organization has made significant progress in a number of areas during the month of November, including:

- CO has carefully reviewed the summary and detailed findings of the previous QA reports and has met with MAXIMUS to discuss the findings in detail.
- CO has accepted over 50K paper applications.
- The organization has and continues to demonstrate flexibility and creativity in dealing with this complex system delivery.
- CO went to a 7x24 operation on the production systems.
- CO continues to stabilize the production system.
- CO has brought on an addition 400 workers to process paper applications.
- CO has work with OHA to increase their fax capacity by 10 fold. They now have 120 fax channels. These channels are continually monitored by OHA and CO.

The following table summarizes the priority QA recommendations, along with the high-level response from CO. Additional details for each of these recommendations, including the



underlying findings and risks, are included in Section 4 of the report. Similarly, a more detailed response from CO is included in Section 5 of this report.

Table 1: Summary Quality Standards Scorecard

Quality Rating Category	QA Risk Level	Priority QA Finding and Recommendations	CO Risk Level	CO Response
OVERALL HEALTH		<ul style="list-style-type: none"> See below for specific priority recommendations. Continue to review, update, and track all outstanding quality risks and recommendations. 		<ul style="list-style-type: none"> Cover Oregon agrees that overall health remains High Risk as Cover Oregon worked through the month to bring up key functionality, hire and train workers, and manually process eligibility determinations.
Business Mission and Goals		<ul style="list-style-type: none"> CO has been accepting and processing paper applications. Approximately 50k applications have been delivered to the State by the end of Nov. CO is capable of enrolling applicants with insurance carriers when applicants plan selection is completed. 		<ul style="list-style-type: none"> Cover Oregon has continued to focus on the core goal of enrolling people, utilizing paper processing while the electronic system is finalized and tested. Resources were brought in by OHA and Cover Oregon to support this process.
Roadmap	Med	<ul style="list-style-type: none"> MAXIMUS expects that the short term roadmap to continue to change as issues arise with the Oracle system and Oracle's ability to deliver against the current set of requirements. The short term focus on increasing the stability, capacity and efficiency of the manual process. 	Med	<ul style="list-style-type: none"> This month Cover Oregon focused system releases and improvements to functionality on changes that impacted customer service and community partner/agent access. CO is identifying releases related to high priority functionality for the remainder of 2013 and into 2014 Scope for each release will be finalized in December.
Scope		<ul style="list-style-type: none"> It is likely that scope will continue to be trimmed if issues arise with the current plan or if development (Oracle) continues to under deliver. Each time Oracle misses the target dates by a significant margin, CO is left with very difficult choices and will often result in further adjustments to plans, releases, further scope 		<ul style="list-style-type: none"> Cover Oregon has directed Oracle to focus on technical releases that support prioritized functionality: manual processing first and then more generally the eligibility and enrollment process for Customer Service and Agents, Community Partners.



		<p>reduction, etc. These actions by CO further exacerbate the Oracle development and target dates.</p>		<ul style="list-style-type: none"> Other functionality outside of the priority areas will be conducted as the system is stabilized and core functionality is complete.
Schedule		<ul style="list-style-type: none"> Oracle's ability to release system environments continues to be problematic. This has a significant impact on the schedule. The environments that are released are not of the same configuration, which makes it difficult to promote the code from one environment to another which causes significant delay in the process. Oracle's ability to properly estimate the work for any release is significantly lacking - this continues to affect the schedule and CO's ability to communicate firm dates to the public. 		<ul style="list-style-type: none"> Cover Oregon has engaged the most senior Oracle leadership to address the release of new environments and functionality. Key Oracle leadership has come to the Cover Oregon office to work with the business and ensure Oracle staff is following through.
Budget	Med	<ul style="list-style-type: none"> CO is holding up payment to Oracle, this started. It is unclear when and under what conditions this money will be released. It is recommended that CO clearly articulate under which conditions payment will be released. Preferably this would be accomplished via a formal contract amendment. The IT component of the CO budget, year to date (as of Sept), has overspent by approximately \$13.8 million. The budgeted amount was \$57 million and the actual amount is \$67 million. 	Med	<ul style="list-style-type: none"> Cover Oregon is monitoring expenditure vs available funds. Additional funding needs are being assessed. Some adjustments and transitions across the fall will be required to sustain through 2014. Cover Oregon is in discussion with Oracle with regard to delivery and payment issues and is evaluating when and under what circumstances payment will be released.
Funding	Med	<ul style="list-style-type: none"> It is recommended that CO work with CMS to determine if there are other opportunities for IT funding in the short term based on the overspending and prolonged development. CO has secured \$226 million in Level 2 funding for the Exchange. The amount remaining on the level 2 grant as of Sept is approximately \$140 million. 	Med	<ul style="list-style-type: none"> Cover Oregon has been investigating funding opportunities with federal partners and is identifying ways to respond to the IT spending rate without adversely impacting other areas of the organization.



<p>Board Governance</p>		<ul style="list-style-type: none"> The CO Director, Rocky King, has taken a 12 week medical leave. A Board member, Dr. Bruce Goldberg is interim Director during his absence. The CO Board meets on a regular basis and receives updates from the interim Executive Director and his staff on salient business, IT and stakeholder topics. 		<ul style="list-style-type: none"> Cover Oregon concurs.
<p>Inter-Org Coordination</p>	<p><i>Med</i></p>	<ul style="list-style-type: none"> Dr. Goldberg has tasked Linda Hammond from OHA to lend her assistance and resources to help with the processing of paper applications. She has added an additional 100 personnel from OPAR to assist in the short term. Cover Oregon and OHA/DHS have been working together reasonable well. As issues arise the business units' work together to find a reasonable solution. 	<p><i>Med</i></p>	<ul style="list-style-type: none"> Prior to October 1, Cover Oregon and OHA jointly created the paper application and a process for receiving and processing paper applications. Since October 1, the two organizations have worked together to implement the manual process and refining it to be able to process a large volume of paper applications. Manual enrollment is current OHA practice, making it consistent with the process for which relevant OHA staff is already trained and capable of doing.
<p>Org Management</p>		<ul style="list-style-type: none"> Linda Hammond is assisting CO in marshalling additional state resources to help with the paper processing. The level of effort mentioned above, shows the tremendous flexibility of the organization, however, this flexibility and effort takes its toll on the line staff and can't be expected during each software release. 		<ul style="list-style-type: none"> Cover Oregon and OHA are working well together to respond to challenges. Both Cover Oregon and OHA have brought on additional resources to process paper applications and facilitate enrollments. The growth and onboarding are being managed well. Cover Oregon is making efforts to ensure that staff is able to meet organizational needs without depleting individuals' personal resources.
<p>Human</p>		<ul style="list-style-type: none"> There continues to be examples of staff exhibiting 		<ul style="list-style-type: none"> November was a high stress month for the



<p>Resources</p>		<p>signs of extreme stress. This stress is rooted in being overworked, doing work beyond their skillsets, individual stress tolerances, and/or different levels of commitment or expectations between staff and vendors. Extra care should be taken by executive management to monitor for signs of stress and intervene to ensure personnel health and organizational morale during this period.</p> <ul style="list-style-type: none"> • CO should consider adding consultants/staff to backup and/or augment staff based on the reasons above. • CO should consider identifying people that have benefitted by receiving insurance coverage and seeing if they will come and speak to the CO staff. These types of interactions give the work the staff are doing a human face and can improve morale. 		<p>organization.</p> <ul style="list-style-type: none"> • Cover Oregon has brought on additional resources to respond to the manual eligibility and enrollment work load • Staff and the Executive team are invested in keeping morale up across the organization. Planning is underway to provide relief to key staff as needed. Additionally, the staff is actively supporting one another in both formal and informal ways.
<p>Stakeholder Management</p>	<p>Med</p>	<ul style="list-style-type: none"> • Continued missed delivery dates by Oracle through the month of Nov continue to make stake holder management and issue. • It is recommended that when Oracle presents release dates, features, defect tolerances and user capacity to CO, CO should memorialize these items in formal "cure" letters. • Based on Oracle's inability to estimate work and meet system release dates, CO should consider developing an outbound communications strategy that acknowledges this situation. • Given the rapid releases and fixes in the Oracle system, it is a challenge to keep internal staff and external Community Partners and Agents current in the manual process updates. Oracle has implemented the 	<p>Med</p>	<ul style="list-style-type: none"> • Agents, community partners, carriers and others involved with Cover Oregon's work are being informed and consulted regularly. • Cover Oregon has been messaging its launch plan and providing updates to the Board, Legislature, state Administration and news media as things continue to evolve. • The communications team has responded to stakeholder and media requests for up-to-date information related to functionality and releases. • Cover Oregon messaging is coordinated with OHA and involves administration feedback.
<p>Communications</p>				

<p>Project Management</p>	<p>use of release notes, however, these notes need to be translated into business impact communication that is sent to both internal and external partners prior to release.</p> <ul style="list-style-type: none">• The internal communications department is spending a tremendous amount of time reacting to negative press and freedom of information request. While this is important, there a large number of positive personal stories of many applicants that could be told.• Oracle's ability to deliver environments that are in synch with each other and in a timely manner continues to be an issue that affects development and release operations on a daily basis.• Schedule slippage will most likely continue until Oracle deploys a deeply experienced, engineering manager to create and monitor all of the development, release and performance processes.• The JIRA tracking and promotion processes are changing and need to be formally documented and communicated to internal staff. This will increase efficiency and reliability of the process.• CO and Oracle are focused on completing the back office component of the system to wring out as much efficiency as possible to maximize the manual operations.• Development and release processes continue to be opaque. CO should consider formalizing the request for these processes in a "cure" letter.	<ul style="list-style-type: none">• Cover Oregon concurs with the MAXIMUS assessment. Based on its own review, Cover Oregon has insisted to the most senior Oracle managers that they rectify these issues, and has been directly enforcing that development processes meet industry standard best practices.• Cover Oregon concurs with MAXIMUS's assessment and has demanded that Oracle improve code quality and development discipline.• Cover Oregon is actively exploring its options for additional actions. The organization has received a Department of Justice opinion regarding beginning significant management communications with Oracle.• Q4 production releases were rescheduled to prioritize functionality that supports the processing of paper applications and allows agents/community partners to help people apply and enroll electronically. Cover Oregon is prepared to
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<p>Contract Management</p>	<ul style="list-style-type: none"> • Oracle's performance is clearly lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review. CO should consider the use of "cure" letters and/or a renegotiation of the contract to better enforce a higher level of quality. • Oracle continues to post dates for specific deliveries and consistently miss delivery targets. 	<p>adjust releases based on test results.</p> <ul style="list-style-type: none"> • Cover Oregon has directed Oracle to retain the most experienced Siebel developers and augment with high-level, highly experienced developers and architects. • Cover Oregon is working with Oracle to assess and rectify system issues and improve our ability to identify when functionality will be available. • Cover Oregon is considering its options for managing the Oracle performance issues, including contractual remedies.
<p>Product Content</p>	<ul style="list-style-type: none"> • CO and QA have requested since Oct the Web Center code from Oracle. Oracle has continued to ignore this request. It is recommended that CO initiate a "cure" letter to acquire this information. • The Oracle system still has limited system access for community partners and agents (CP/A) only. The CP/A now have the additional functionality to determine eligibility in the system. • CO had commissioned Deloitte to create a feature in their portal to enable online enrollment once the applicant receives the eligibility packet from CO. This is done by referencing a specific number on the eligibility packet that ties the two system processes together. 	<ul style="list-style-type: none"> • Cover Oregon is actively exploring its options for getting needed information and ensuring contractors are active partners in our work. • Starting in November, agents and community partners can help consumers determine eligibility online. Deloitte will deliver a fillable form in January, which will improve individuals' ability to submit fully complete applications.
<p>Testing</p>	<ul style="list-style-type: none"> • The Oracle "A" team has been testing the performance environment for over 4 weeks. Their goals, strategy and 	<ul style="list-style-type: none"> • Oracle's performance testing is not being sufficiently communicated to Cover Oregon. System stability has improved but Cover Oregon efforts to



	<p>progress are not being measured. It is unclear what value they are adding post cleanup of obvious issues in the system. Their work is opaque to CO and QA.</p> <ul style="list-style-type: none">• The performance testing strategy and the results (reports) are not being communicated to CO and QA.• Performance testing by Oracle is dependent on a stable release of some portion of the system.	<p>gain clarity about the progress on performance have not led to additional information from Oracle.</p> <ul style="list-style-type: none">• In December, Oracle and Cover Oregon worked on performance-related releases.• Cover Oregon directed Oracle to produce targeted releases focusing on functionality that reflects Cover Oregon's eligibility and enrollment priorities. This allows the test team to test more effectively, with solid coverage on each test environment release and more rigorous regression testing.• More rigorous release management procedures have resulted in more stable and targeted releases of code to the test environments. New releases follow a defined path from the UDev environment to Functional Test to Pre-Production and finally to production. While there are still issues in deployment of code to environments, the frequency of these issues has decreased as Oracle continues to improve the deployment process.
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Table 2: QA Risk Level Tracking

Quality Rating Category	Feb '13	Mar '13	Apr '13	May '13	June '13	July '13	Aug '13	Sept '13	Oct '13	Nov '13
OVERALL HEALTH										
Business Mission and Goals	M	M						M		
Roadmap	M	M	M	M	M	M	M	M	M	M
Scope										
Schedule										
Budget	M	M	M	M	M	M	M	M	M	M
Funding										M
Board Governance										
Inter-Org Coordination								M	M	M
Organizational Management										
Human Resources	M	M	M	M	M	M	M	M		
Stakeholder Management								M	M	M
Communication			M	M	M	M	M	M	M	
Project Management	M	M								
Contract Management	M	M						M	M	
Product Content										
Testing										



SECTION 3: Methodology and Approach

Risk Assessment Methodology

The MAXIMUS risk assessment methodology began with the identification and analysis of initial risks that face the CO project from a number of different perspectives. This work resulted in the Initial Risk Assessment, and was updated by subsequent Monthly Quality Status Reports. These risk reports included a variety of confidential interviews with CO staff and Board members, as well as other State and HIX-IT project stakeholders. On an ongoing basis, MAXIMUS will deliver monthly quality status reports that will continue to track progress on risk transference, remediation or acceptance by Cover Oregon. These monthly reports may also identify new risks or further refine the understanding of existing risks.

In developing the monthly quality status report, the MAXIMUS Team attended project meetings, conducted interviews, and reviewed various CO artifacts, to assess how risks are being mitigated. The information gained during these activities was used to update the specific findings, risks, and recommendations originally presented in the Initial Risk Assessment and subsequent monthly quality status reports.

This report represents the CO Monthly Quality Status Report for the month of November, 2013.



Section 4: Risk Assessment Findings, Risks, and Recommendations

The detailed findings, risks, and recommendations are presented below. Findings are limited to specific information identified during the period. Risks and Recommendations have been updated, as appropriate. For ease of readability, the unique numbering has been reset for both risks and recommendations, to assist in tracking. The integrity of the numbering will be preserved during future reports.

Table 3: Detailed Quality Standards Scorecard




Quality Rating Category	Oct 2013	Nov 2013	Risk Assessment Finding, Risks, and Recommendations
Business Mission and Goals (BMG)			<p>Findings During Period:</p> <ul style="list-style-type: none"> • CO has been accepting and processing paper applications. Approximately 50k applications have been delivered to the State as of the end of Nov. To get individuals enrolled for the Jan 1st 2014 deadline applications need to be delivered and complete by the 4th of December. • The Exchanged was launched to only Agents and Community Partners using a combination of the Deloitte built website and the Oracle system. The Deloitte website is housed using Amazon's cloud service. This site will enable public users, Agents and Community Partners to enter in their information to determine tax credits, browse plans and review plan information and costs. This information can be utilized to fill out paper applications via a PDF form. • The Oracle system was released to only Agents and Community Partners and has increased to do some eligibility determination. Additional functionality is intended to be available in future releases. Each subsequent release will most likely go into production with known defects and manual workarounds. • The system is now operational 24x7 for all CSR and CP/As. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without clear understanding, communication and alignment of the deadlines and contingency plans for each Oracle system release between the business units (CO, OHA) procedures for application processing may be incomplete or out of synch. 2. Without a detailed system release plan, coordination of IT, OPS and Marketing and training may not be in full alignment for each subsequent release. 3. Launching the Oracle system with known defects may result in a bad user experience which could affect the CO brand long term. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Ensure that each Oracle release is tested and defects are well documented. These defects, if accepted by CO, will drive workaround and contingency plans.CO should ensure these are all well documented and communicated to internal staff. In addition, this information will drive the training




			<p>for the CP/A on each release and CO should ensure that training and materials are available to the CP/A prior to releasing the Oracle software to production.</p> <p>2. Continue to refine the feature roadmap and ensure that it is connected with the business strategy, marketing, training and communications as well as OHA/DHS.</p>
Roadmap (RM)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • MAXIMUS expects that the short term roadmap to be focused on supporting the CSR and CPA functionality. • Additional scope may need to be deferred as a more detailed level of effort is provided and Oracle's ability to deliver. • Releases of the system will be implemented throughout the fall/winter of 2013/2014. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a clear, comprehensive, and authoritative description of the Exchange roadmap, the project will likely continue to have incomplete data for future budgeting and unclear project priorities. 2. Without a roadmap projection beyond 2013 will be difficult to do development budget projections for future grants and operations and development. 3. Without a process for determining the roadmap priorities it will be difficult to determine what features will have the highest impact of CO target metrics. 4. The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the new fall roadmap. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Oracle and CO should create integrated prioritized roadmap to communicate with the CO staff, CO Board of Directors, and other stakeholders how the CO metrics will be achieved. 2. The process for developing the roadmap(s) should be documented so that it can be evaluated by stakeholders prior to getting deep into the process. Also, all underlying assumptions should be articulated in the process so they can be agreed upon by executive management. 3. Finalize the near term functional roadmap, including a high-level schedule of required functionality, and prioritized features.



Scope (SCP)		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • It is likely that scope will continue to be trimmed if issues arise with the current plan or if development (Oracle) continues to under deliver. • Each time Oracle misses the target dates by a significant margin, CO is left with very difficult choices and will often result in further adjustments to plans, releases, further scope reduction, etc. These actions by CO further exacerbate the Oracle development and target dates. • CO and Oracle are focusing on ensuring that the manual processes are well supported. • CO has deferred a piece of the Medicaid interface into the OHA MMIS system until TBD. • Currently, a cross functional view of the Product Development Lifecycle (PDLC) does not exist and clear connections between development, operations, marketing and communications are lacking. <p>Risks:</p> <ol style="list-style-type: none"> 1. Lack of discipline and control of the change management process will result in incomplete build documentation, testing errors and schedule slips. 2. Without a tight linkage between development, business, marketing, and communications the current launch strategy with the current scope will be difficult to manage after launch. 3. The inability of Oracle to deliver previous roadmaps makes it difficult to believe they will deliver on time in the future. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. CO should ensure that the manual paper application process is fully supported by development prior to any future work being done. 2. Smaller, more attainable releases by Oracle may help resolve the missed release/de-scoping cycle that is common. 3. Define and implement clear project management processes and controls for maintaining the CO WBS, including "rolling wave" elaboration of near-term work. 4. Continue to integrate the use of the Schedule (and underlying WBS) into the day-to-day management and planning of the project especially for future product releases. This will ensure that these documents are useful and accurate.



Schedule (SCH)			
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • Oracle's ability to release system environments continues to be problematic. This has a significant impact on the schedule. • The environments that are released are not of the same configuration, which makes it difficult to promote the code from one environment to another which causes significant delay in the process. • Oracle's ability to properly estimate the work for any release is significantly lacking - this continues to affect the schedule and CO's ability to communicate firm dates to the public. <p>Risks:</p> <ol style="list-style-type: none"> 1. Without a clear understanding of how Oracle estimates the development work and their schedule, including the activities and tasks specifically assigned to CO, there is a risk that releases will continue to slip. 2. Without clearly linked schedules between CO and Oracle development and Oracle On Demand services, the project will suffer from confusion and misaligned expectations and deadlines. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Develop a single, comprehensive, base-lined schedule for all Oracle development, Oracle On Demand Services, Oracle Performance test and CO test work. 2. Define and implement common project management processes and controls for maintaining the schedule across Oracle and CO, including "rolling wave" elaboration of near-term activities, base-lining, variance tracking, resource loading and common reporting of project progress and status. 3. Given the difficulty in estimating the development with Oracle and delivery Oracle environments, CO should embed sufficient slack in its schedule (on the order of 50+ percent). CO should continue to monitor the IT delivery deviations. These deviations should be reported to CO Executive staff in the weekly or monthly reports by CO CIO.
Budget (BGT)	Med	Med	



			<p>Findings During Period:</p> <ul style="list-style-type: none"> CO is holding up payment to Oracle, this started ~Oct 2013. It is unsure when and under what conditions this money will be released. The IT component of the CO budget, year to date (Sept), is spending too quickly by approximately \$13.8 million. The budgeted amount was \$57 million and the actual amount is \$67 million. Significantly increasing Oracle development and testing staff to complete the first release will have an overall impact on the budget. <p>Risks:</p> <ol style="list-style-type: none"> Payment to Oracle cannot be held up indefinitely. The lack of fully elaborated, integrated and baselined WBS and schedule raises the risk that the project scope, schedule, and therefore costs are not clearly understood. As a result, the budget is most likely inaccurate. The addition of unplanned development resources to achieve the outstanding scope will increase costs in the budget in the short term. The addition of the Deloitte public website to compensate for the lack of delivery by Oracle will increase project IT costs. <p>Recommendations:</p> <ol style="list-style-type: none"> It is recommended that CO clearly articulate under which conditions payment will be released. Preferably this would be accomplished via a contract amendment. Document and implement a budgeting process for CO. This process should include the tracking of assumptions and dependencies. This budget should have significant reserve for unbudgeted items given the organization and the system is new. Update the budget projections for CO. Ensure the budget projections are aligned with the roadmap items that will be established. With the addition of Oracle resources to complete the development and testing of the Exchange a budget reevaluation should be conducted to determine the budget impact of this decision.
<i>Funding (FND)</i>		<i>Med</i>	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> CO has received \$226 million in Level 2 funding. Approximately \$90 million is for IT of which \$67 million has been spent. The amount remaining on the level 2 grant as of Sept is approximately \$149 million. CO expects that additional funding opportunities will be available in 2014 by CMS.





			<p>Risks:</p> <ol style="list-style-type: none"> The increased rate of IT spending will most likely reduce spending in some other critical area of CO. <p>Recommendations:</p> <ol style="list-style-type: none"> It is recommended that CO work with CMS to determine if there are other opportunities for IT funding in the short term.
Board Governance (BG)			
			<p>Findings During Period:</p> <ul style="list-style-type: none"> The CO Director, Rocky King, has taken a 12 week medical leave. A Board member, Dr. Bruce Goldberg is interim Director during his absence. The CO Board meets on a regular basis and receives updates from Executive Director and his staff on the salient business, IT and stakeholder of topics. The CO Executive Director continues to convey the challenges of the IT system launch to the board members at the monthly board meetings. <p>Risks:</p> <ol style="list-style-type: none"> None <p>Recommendations:</p> <ol style="list-style-type: none"> None
Inter-Org Coordination (IOC)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> Dr. Goldberg has tasked Linda Hammond from OHA to lend her assistance and resources to help with the processing of paper applications. She has added an additional 100 personnel from OPAR to assist in the short term. Cover Oregon and OHA/DHS business/policy analysts have been working together reasonable



			<p>well. As issues arise the business units work together to find a reasonable solution.</p> <ul style="list-style-type: none"> CO Customer Service and OHA 5503 have worked well in creating a manual paper application and processing. They have also worked well in flexing the capacity of the process to handle the volume of paper and fax applications. <p>Risks:</p> <ol style="list-style-type: none"> Without proper coordination among OHA/DHS and CO policy and business operations it will put CO in a difficult position with respect to planning the completion the MMIS and CO interfaces for automated Medicaid Eligibility and Enrollment. Without proper coordination among OHA/DHS and CO policy and business operations paper processing of Medicaid and APTC applications have difficulties. <p>Recommendations:</p> <ol style="list-style-type: none"> The work with OHA Business and technology will need to mature and will probably span over multiple system releases. With this understanding CO should consider crafting a long-term strategy i.e., roadmap that demonstrates short term as well as long term goals and objectives with respect to the interfaces into MMIS.
<p>Organizational Management (OM)</p>			
			<p>Findings During Period:</p> <ul style="list-style-type: none"> Linda Hammond is assisting CO in marshaling additional state resources to help with the paper processing. The level of effort mentioned above, shows the tremendous flexibility of the organization, however, this flexibility and effort takes its toll on the line staff and can't be expected during each software release. The Organization is growing at a rapid pace and seems to be adapting and managing the growth well. <p>Risks:</p> <ol style="list-style-type: none"> Dependence on key individuals to compensate for lack of system delivery will produce burnout, stress conditions, turnover and/or negative morale. <p>Recommendations:</p>




		<ol style="list-style-type: none"> 1. CO should set realistic goals with respect to system deliveries and if these goals are not met the dates should be reset to a reasonable manual processing date and goal so that personnel and external stakeholders can adapt. 2. Continue to identify key internal operational processes and assign these processes to the specific executive management for development. 3. Continue to refine and update the CO organizational chart, including detailed roles, responsibilities, expectations, and authorities.
<p><i>Human Resources (HR)</i></p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • There continues to be examples of staff exhibiting signs of extreme stress. This stress is rooted in being overworked, doing work beyond their skillsets, individual stress tolerances, and/or different levels of commitment or expectations between staff and vendors. Extra care should be taken by executive management to monitor for signs of stress and intervene to ensure personnel health and organizational morale during this period. • CO should consider adding consultants/staff to backup and/or augment staff based on the reasons above. • Releasing a system that has known defects will increase the load on the Customer Service Reps (CSRs). Management should specifically monitor these groups for signs of stress. <p>Risks:</p> <ol style="list-style-type: none"> 1. The dynamic nature and fast organizational growth of CO may create significant staff stress and frustration. Communication and HR support systems will be taxed. 2. Staff with gaps in their skill sets can create schedule delays, rework and/or incorrect planning and execution for the organization. 3. Over worked/stressed employees or contractors will tend to make simple mistakes which can result in rework or issues with clients. 4. Health of stressed or overworked individuals can result in loss of key individuals on the project. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. CO should consider identifying people that have benefitted by receiving insurance coverage and seeing if they will come and speak to the CO staff. These types of interactions give the work the staff are doing a human face and can improve morale. 2. CO should consider hiring additional technical staff to monitor/augment Oracle staff. The current




			<p>CO staff are either too sparse or not do not have sufficient skill level to handle the complex development and release environment.</p> <ol style="list-style-type: none"> 3. Continue to support team building and informal support structures for staff. 4. Have an independent review of the IT organization to determine if new roles and personnel are needed based on the change in architecture, and the more complex development and release processes. 5. HR should conduct spot reviews/interviews and or skip level interviews with personnel to monitor morale and health issues with personnel including contractors.
Stakeholder Management (SM)	Med	Med	
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • Continued missed delivery dates by Oracle through the month of Nov continue to make stakeholder management and issue. • Releasing a system that is unreliable/not stable will frustrate users and may negatively affect the CO brand. <p>Risks:</p> <ol style="list-style-type: none"> 1. Lack of proactive communication with Exchange stakeholders may limit early participation and/or public confidence. 2. Establishing and communicating system release dates and not meeting the dates will result in credibility issues with both internal and external stakeholders. 3. If the Exchange does not manage stakeholder expectations in a consistent manner then CO's management credibility may suffer. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. It is recommended that when release dates are to be provided to key stakeholders that Oracle executive management be present. It is recommended that Oracle executive management present the dates, features, thresholds and capacity information, i.e., number of user that the system is tested to accommodate. 2. It is recommended that CO resist releasing a system that does not meet the threshold set for defects and/or the capacity. 3. It is recommended that when Oracle present release dates they believe they can make and CO accepts these dates, that CO should memorialize these dates, features, defect tolerance and capacity in "cure" letters.




Communications (COMM)	Med		
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • Given the rapid releases and fixes in the Oracle system, it is a challenge to keep internal staff and external Community Partners and Agents current in the manual process updates. Oracle has implemented the use of release notes, however, these notes need to be translated into business impact communication that is sent to both internal and external partners prior to release. • The internal communications department is spending a tremendous amount of time reacting to negative press and freedom of information requests. While this is important, there a large number of positive personal stories of many applicants that could be told. • MAXIMUS expects that additional changes/fixes may occur as system releases are launched throughout the fall/winter. CO needs to ensure that procedures are in place to retrain CP/A's, CSR's and OHA personnel prior to the release of incremental features. • Based on Oracle's inability to estimate work and meet system release dates, CO should consider developing an outbound communications strategy that acknowledges this situation. <p>Risks:</p> <ol style="list-style-type: none"> 1. If the Exchange does not communicate its functions in a consistent manner then confusion and frustration may result for entities that need to oversee, interface with, purchase or supply services to the Exchange. 2. If the Exchange does not communicate its functions in a consistent manner then CO's management credibility may suffer. 3. If the outbound communications team is overloaded in negative press and freedom of information act request then it will be a challenge for them to present the positive messages to the public that the staff are hearing on a day-to-day basis. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. It is recommended that the internal marketing function of CO work with the IT, SME's and executive management to identify areas where specialized outbound high level communications need to take place. 2. It is recommended that the Marketing organization establish consistent messaging for the organization that reflects Oracles inability to deliver a stable system, on time and with the appropriate features.



		<p>3. CO should consider having at least one marketing/communications person focus on the people that have been benefitted by receiving insurance for the first time in many years.</p>
<p><i>Project Management (PM)</i></p>		
		<p>Findings During Period:</p> <ul style="list-style-type: none"> • Oracle's ability to deliver environments that are in synch with each other and in a timely manner continues to be an issue that affects development and release operations on a daily basis. • Schedule slippage will most likely continue until Oracle has a deeply experienced, engineering manager to create and monitor all of the development, release and performance testing processes. • The JIRA tracking and promotion processes are changing and need to be formally documented and communicated to internal staff. This will increase efficiency and reliability of the process. • Development and release processes continue to be opaque. CO should consider formalizing the request for these processes in a "cure" letter. • Without sufficient slack in the schedule (based on past variance) the plan for the future features is optimistic. <p>Risks:</p> <ol style="list-style-type: none"> 1. An undocumented development and release process makes it challenging to analyze the processes for efficiency, quality and reliability. 2. Lack of environments will require CO to make difficult decisions on release processes, none of which are desirable. 3. Too many developers accessing and troubleshooting "bad code" will result in more instability and potentially more bad code. 4. A production release management process that is incomplete or not well planned can cause credibility issues with the public if features or fixes appear without proper communication. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. It is recommended that CO have Oracle define the delivery schedule for the remaining environments and memorialize the schedule using a "cure" letter. 2. It is recommended that CO have Oracle document their parallel software development and release process to ensure it is aligned with an operational environment. This is important as the organization transitions from a pure development environment to an operational environment. 3. It is recommended that Oracle outline how they intend to improve the quality of their code. CO should request a formal code review by Oracle QA.



			<p>4. CO should consider reducing the amount of Oracle developers in the Siebel component of the solution. This product in particular, does not lend itself to parallel development and the amount of programmers are most likely creating more problems by lack of proper coordination and ad hoc practices.</p>
<p>Contract Management (CM)</p>	<p><i>Med</i></p>		
			<p>Findings During Period:</p> <ul style="list-style-type: none"> • MAXIMUS understands that payment to Oracle is being withheld and legal is being consulted on how to best manage the lack of performance by Oracle. • Oracle's performance is lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review. • Oracle continues to post dates for specific deliveries and consistently miss delivery targets, a clear example is that of environment delivery. <p>Risks:</p> <ol style="list-style-type: none"> 1. In general, agreements that allow contractor's to bill for hours worked, instead of fixed priced payments for satisfactory completion of specific deliverables, leave the onus on CO to verify that the hours were worked and sufficient value was created by the contractors, according to their individual agreements. It may also be difficult to prove or justify the commensurate expenditures. 2. Without a clear tie between contractor work and the project WBS or schedule, effective management of contractor effort and billings will be difficult. 3. Oracle's ability to perform is an issue on the project. <p>Recommendations:</p> <ol style="list-style-type: none"> 1. Conduct an independent assessment of all contractor activities and proposed deliverables. Identify opportunities to convert contractor payment method to state approval of specific contractor fixed-priced deliverables. Renegotiate agreements, as appropriate. 2. Define specific roles and responsibilities for contractors. Clearly assign work, as defined in the WBS and schedule, to specific contractor staff. Use this information to update the CO staffing plan, as appropriate. 3. Clearly tie contractor work to the project WBS or schedule. Track progress (% complete) accordingly.



			<p>4. CO Management should clearly get formal assertion from Oracle in the form of a "cure" letter or contract amendment for specific releases dates, functionality and quality moving forward.</p>
<i>Product Content (PC)</i>			
			<p>Findings During Period:</p> <ul style="list-style-type: none"> CO and QA have requested since Oct the Web Center code from Oracle. Oracle has continued to ignore this request. It is recommended that CO initiate a "cure" letter to acquire this information. The Oracle system still has limited system access for community partners and agents (CP/A) only. The CP/A now have the additional functionality to determine eligibility in the system. CO had commissioned Deloitte to create a feature in their portal to enable online enrollment once the applicant receives the eligibility packet from CO. This is done by referencing a specific number on the eligibility packet that ties the two system processes together. <p>Risks:</p> <ol style="list-style-type: none"> If CO does not receive the Web Center code from Oracle it will send a clear message that Oracle can ignore CO requests, it will also leave CO in a position of not knowing how bad the code is and it will not be able to plan properly. <p>Recommendations:</p> <ol style="list-style-type: none"> CO should consider sending a "cure" letter to receive the Web Center code from Oracle. A complete and accurate record of all iteration use case work packages and Oracle functional and technical design documents and Corporation testing documents should be organized and kept as a complete package in the Dropbox. Understanding the amount of customization of the current implementation will be critical for CO as future needs are established. CO should consider reducing the amount of developers in the system by further scope deferment. In addition, CO should review Oracle's development resources and their workload to ensure they are working only on the current feature set.
<i>Testing (TST)</i>			
			<p>Findings During Period:</p> <ul style="list-style-type: none"> The Oracle "A" team has been testing the performance environment for over 4 weeks. Their goals, strategy and progress are not being measured. It is unclear what value they are adding post cleanup of obvious issues in the system. Their work is opaque to CO and QA. The performance testing strategy and the results (reports) are not being communicated to CO and



		<p>QA.</p> <ul style="list-style-type: none">• Performance testing by Oracle is dependent on a stable release of some portion of the system.• Oracle SIT testers do not have a full grasp of the desired functionality of the system, therefore their testing quality is insufficient. <p>Risks:</p> <ol style="list-style-type: none">1. Lack of reporting from the Oracle "A" team on their progress makes it impossible to determine their progress.2. Lack of performance testing on the production environment may result in the production environment not being able to handle the load of the system when launched to the public.3. Lack of a dedicated test environment will limit the exposure of the BA's and SME's with the product that is being developed. It is very important that SME's have ample time to play with the design so they may be able to refine the design as necessary. <p>Recommendations:</p> <ol style="list-style-type: none">1. Have the Oracle "A" team report out in the daily tech synch meetings.2. Ensure that the code delivered from development has been properly documented and that release notes are delivered with each release as it is delivered to the testing teams.
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SECTION 5: CO Management Response

The following table provides space for CO management response and/or state action plans for each of the Quality Standard sections areas or findings described in Section 4 of this report.

Quality Standard Section	CO Management Response and/or Action Plan
Overall Health	Cover Oregon agrees that overall health remains High Risk as Cover Oregon worked through the month to bring up key IT functionality, hire and train workers, and manually process eligibility determinations.
Business Mission and Goals	Cover Oregon has continued to focus on the core goal of enrolling people, utilizing paper processing while the electronic system is finalized and tested. Resources were brought in by OHA and Cover Oregon to support this process.
Roadmap	Cover Oregon has prioritized system releases and improvements that support paper processing and allow Customer Service and Community Partners/Agents to help consumers get eligibility determinations and enrollments. CO will continue to prioritize releases related to eligibility and enrollment related functionality for the remainder of 2013 and into 2014. Scope for each release will be finalized in December.
Scope	Cover Oregon has directed Oracle to focus on technical releases that support prioritized functionality: manual processing first and IT support for eligibility and enrollment process for Customer Service, Agents and Community Partners. Other functionality outside of the priority areas will be conducted as the system is stabilized and core functionality is complete.
Schedule	Cover Oregon has engaged the most senior Oracle leadership to address the release of new environments and functionality. Key Oracle leadership has come to the Cover Oregon office to work with the business and ensure Oracle staff are following through.
Budget	Cover Oregon is monitoring expenditures vs available funds. Additional funding needs are being assessed. Some adjustments and transitions across the fall will be required to sustain through 2014. Cover Oregon is in discussion with Oracle with regard to delivery and payment issues and is evaluating when and under what circumstances payment will be released.
Funding	Cover Oregon has been investigating funding opportunities with federal partners and is identifying ways to respond to the IT spending rate without adversely impacting other areas of the organization.



Board Governance	Cover Oregon concurs with the Board Governance findings and continues to keep the board informed and engaged.
Inter-Org Coordination	<p>Prior to October 1, Cover Oregon and OHA jointly created the paper application and a process for receiving and processing paper applications. Since October 1, the two organizations have worked together to implement the manual process and refining it to be able to process a large volume of paper applications.</p> <p>Manual enrollment is current OHA practice, making it consistent with the process for which relevant OHA staff is already trained and capable of doing.</p>
Organizational Management	<p>Cover Oregon and OHA are working well together to respond to challenges.</p> <p>Both Cover Oregon and OHA have brought on additional resources to process paper applications and facilitate enrollments. The growth and onboarding are being managed well.</p> <p>Cover Oregon is making efforts to ensure that staff is able to meet organizational needs without depleting individuals' personal resources.</p>
Human Resources	<p>November was a high stress month for the organization.</p> <p>Cover Oregon has brought on additional resources to respond to the manual eligibility and enrollment work load</p> <p>Staff and the Executive team are invested in keeping morale up across the organization. Planning is underway to provide relief to key staff as needed. Additionally, the staff is actively supporting one another in both formal and informal ways.</p>
Stakeholder Management	<p>Agents, community partners, carriers and others involved with Cover Oregon's work are being informed and consulted regularly.</p> <p>Cover Oregon has been messaging its launch plan and providing updates to the Board, Legislature, state Administration and news media as things continue to evolve.</p>
Communication	<p>The communications team has responded to stakeholder and media requests for up-to-date information related to functionality and releases.</p> <p>Cover Oregon messaging is coordinated with OHA and involves administration feedback.</p>
Project Management	<p>Cover Oregon concurs with the MAXIMUS assessment. Based on its own review, Cover Oregon has insisted to the most senior Oracle managers that they rectify these issues, and has been directly enforcing that development processes meet industry standard best practices.</p> <p>Cover Oregon concurs with MAXIMUS's assessment and has demanded that Oracle improve code quality and development discipline.</p> <p>Cover Oregon is actively exploring its options for additional actions. The organization has received a Department of Justice opinion regarding beginning significant management communications with Oracle.</p> <p>Q4 production releases were rescheduled to prioritize functionality that supports the processing of paper applications and allows agents/community partners to help people apply and enroll electronically. Cover Oregon is prepared to adjust releases based on test results.</p>



	<p>Cover Oregon has directed Oracle to retain the most experienced Siebel developers and augment with high-level, highly experienced developers and architects.</p>
<p>Contract Management</p>	<p>Cover Oregon is working with Oracle to assess and rectify system issues and improve our ability to identify when functionality will be available.</p> <p>Cover Oregon is considering its options for managing the Oracle performance issues, including contractual remedies.</p>
<p>Product Content</p>	<p>Cover Oregon is actively exploring its options for getting needed information and ensuring contractors are active partners in our work</p> <p>Starting in November, agents and community partners can help consumers determine eligibility online. Deloitte will deliver a fillable form in January, which will improve individuals' ability to submit fully complete applications.</p>
<p>Testing</p>	<p>Oracle's performance testing is not being communicated. System stability has improved but Cover Oregon efforts to gain clarity about the progress on performance have not led to additional information from Oracle. In December, Oracle and Cover Oregon worked on performance-related releases.</p> <p>Cover Oregon has directed Oracle to produce targeted releases focusing on functionality that reflects Cover Oregon's eligibility and enrollment priorities. The test team can then test more effectively, ensuring solid coverage on each test environment release and supporting more rigorous regression testing.</p> <p>More rigorous release management procedures have resulted in more stable and targeted releases of code to the test environments. New releases follow a defined path from the UDev environment to Functional Test to Pre-Production and finally to production. While there are still issues in deployment of code to environments, the frequency of these issues has decreased as Oracle continues to improve the deployment process.</p> <p>The Pre-Production environment came on-line in November, for use in regression testing. This has significantly improved testing quality. Testing targets the functionality being deployed and all new releases now undergo end-to-end regression testing in Pre-Production before deploying to Production. The Test Lead develops a test schedule for each release to ensure sufficient lead-time between the delivery of code from development and the scheduled delivery to Production. Pre-Production has been built to match Production as much as possible, so Cover Oregon has a higher level of confidence in the functioning of code promoted to Production.</p> <p>One of the key aims of the new "table" structure (staff focused on a functional area are co-located) is to facilitate knowledge transfer between staff – this will help the SIT team to develop a more complete understanding of the system functionality.</p>



SECTION 6: Risk Rating Criteria

The following risk rating criteria were used to evaluate the probability or likelihood of the risk occurring and the impact of the risk if it were to materialize.

Probability

	Probable/eminent Occurrence	If the risk is probable or imminent then it should be rated as High.
M	Possible/likely Occurrence	If the risk is possible or likely to occur then it should be rated as Medium.
	Possible/unlikely Occurrence	If the risk is possible, but unlikely to occur then it should be rated as Low.

Impact

	High Impact	If the risk is considered to significantly affect the schedule, cost, security, project organization or significantly affect the success of meeting the project goals it should be rated as High Impact.
M	Medium Impact	If the risk is considered to somewhat affect the schedule, cost, security, project organization or generally affect the success of meeting the project goals it should be rated as Medium Impact. Note: Multiple Medium ratings that are found in similar areas can result in an aggregate rating of High Impact.
	Low Impact	If the risk is considered to minimally affect schedule, cost, security, project organization or marginally affect the success of meeting the project goals it should be rated as a Low Impact. Note: Multiple Low ratings that are found in similar areas can result in an aggregate rating of Medium Impact.

Overall Risk Rating

The overall rating of a risk is the combination of the probability of occurrence and the impact of the risk to project. See rating charts below:

PROBABILITY	IMPACT		
	Low	Med	High
High	MED		
Med		MED	
Low			MED

From: Karjala Aaron
To: "Bob Cummings"; Jon Lemelin; "Ying K Kwong"
CC: [REDACTED]@tekasc.com; "Liewergen Mark J"; Matt Lane; "Mckivor, Tom"
Sent: 4/26/2013 12:29:05 PM
Subject: Re: this Thursday's Briefing at Cover Oregon
Attachments: image001.gif

Thanks for looping me into this conversation. There are a lot of issues floating here where I think I can provide context.

Here are my responses:

Oracle Contracts and Accountability: It is true that we are not going forward with a deliverables based contract with Oracle for the transition. However, I have asked our attorneys to figure out a hold back or performance bond structure that will shift some risk onto Oracle for ensuring they meet our stated outcomes. That structure will put Oracle at a 5-7% risk for delivery.

We will be evaluating a more diverse development approach for after the version 1 go live.

Testing - IV&V. Test planning began very late and we are putting many contingencies/workarounds in place. Two weeks ago, John L and I discussed bringing test planning in through existing contracts while we finish the IV&V contract. Jon will be providing a proposal for that today. Specifically, Ying - Jon L and I put the exact plan in place that you're recommending and are currently executing on it as we speak.

Regarding scope and process flow, I'm wondering if we need to have another session to run through IT like we did in December. I honestly don't have the team bandwidth, but don't see another way to actually demonstrate the level of processes that are documented in the use case packets which includes use cases, functional specifications, data flow, user flows, system design, etc. Though those packets vary in quality, I feel strongly that there is more than enough detail to write test scripts and that this should not delay creation of any test plan, whether it be IV&V, System Integration Testing, Performance Testing or UAT. In addition, we have strategically prioritized scope and thus testing to concentrate on the areas where we need the highest system quality at go live. I'm looping Matt Lane into the conversation should you want documentation about how that prioritization is occurring. I'd be glad to put together a meeting to walk through it as well. All of this being said, testing is absolutely not where I want it to be. We are working with Maximus, Oracle, PointB and Deloitte to stitch together mitigations in the area of testing. Also, as we discussed yesterday, we are still dependent upon the OHA foundational service for system Integration Testing. We are managing through the other forms of testing directly.

Requirements Traceability - Cover Oregon procured a tool called Contour which traces from Regulation, Statute, to business policy through business/functional requirements in January of this year. The matrix is not fully traced, but we are within one week of completion. To be precise, the areas of small group and reporting still need to be completed, but the other functional areas are accounted for. I would be glad to demonstrate this matrix to whomever would like to spot check it. I know that John C looked at it yesterday.

Pushing go-live. I understand your recommendation and see the great risk in the timelines currently in front of us. I just want to make sure that you have all of the on-the-ground information to support that recommendation.

Thanks and let me know if you'd like to chat further.

Aaron

Aaron Karjala | Chief Information Officer | Cover Oregon | 16760 SW Upper

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Where's the integrated "testing" and "IV&V" plan for getting all of this done by the October 1 "go-live" date? This should have been started, as Ying recommended, many, many months ago.

That said, how can you build this plan when you don't have a clearly defined scope of what is to be implemented (both IT and business), how it all works together, and what the expected results for each "process flow" will be? I'd personally have a hard time writing any type of solid test plan, test scripts, test scenarios, test data (based upon a set of not locked down requirements-use cases in the absence of a solid traceability matrix), etc. given the level of unknowns, the incomplete state of software development, and the unclear scope of exactly what will go into production on October 1. All of this may be much more clear to both DHS/OHA and CO, but the evidence of that isn't readily apparent to oversight. Four months is not much time to do what needs to be done.

Imagine the challenges that Mark and Tom are having in trying to do any kind of contingency planning given all the fuzziness that still faces us.

I recognize that many of these challenges are the result of trying to do 3-4 years worth of work in 27 months, but that's the "mission" that we accepted from day one. We're way late in the game to be trying to get all of this done in time. We'll have to take some short-cuts (without affecting quality) and where we can't help but affect quality, we're going to need to do some scope cutting. The only other option is to push the "go-live" date back to give us the time to do it right such that we get a robust enough quality product in place, that the customers will be satisfied, yet we won't get on a first-name basis with the reporters of the Oregonian and Statesman Review.

I still think that pushing the end date between October 1 and January 1, is the safest way to get the right scope, right quality product before we "go-live." That's the advice that I will be giving to the legislature.

Bob C.

From: KWONG Ying K * CIO [REDACTED]
Sent: Friday, April 26, 2013 10:10 AM
To: Cummings Bob; Jon C Lemelin/MAXIMUS
Cc: KARJALA Aaron; CVETKO John; LIEWERGEN MARK J
Subject: RE: this Thursday's Briefing at Cover Oregon

I agree with Jon in that "the mitigation to this (testing related) risk is

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properly planning for a comprehensive suite of testing to be performed prior to any planned system go-live. This testing would include a robust system of system integration and user acceptance testing, as well as performance, security, disaster recovery, and denial of service testing." I also agree with Jon that ideally speaking, testing by development contractor (Oracle, Cognosante, etc) and the integrator (OHA until recently and now CO) should be completed, separate and apart from, and prior to the execution of IV&V testing - ideally. However, we clearly aren't operating under ideal circumstances.

Bob and I met with Rocky, Tom, and Mark yesterday. I made the following points regarding testing:

1. On Oracle testing. Oracle (with the many fragmented POs that it is working under) has no specific contractual obligations to deliver an integrated system. Besides the specifics of contract language, this is partly because the "integrator on record" has been OHA and now CO, and the integrator is responsible for delivering the integrated system that meets business needs. In this way, testing by Oracle resources is necessary but cannot be viewed as sufficient.

2. On OHA and CO internal testing. The setup of the internal testing resources at OHA and CO is work in progress and will likely lack subject matter experts with expertise in Oracle products and platforms (Siebel, Peoplesoft, Oracle I&AM, Oracle Policy Automation, etc). I say this because these type of human resources command hourly rates in the marketplace too high for state / CO salary scales to match. These internal resources can, of course, be developed through training but would take time too long to be relevant to CO.

3. On Maximus IV&V. IV&V Master Test Plan (inclusive of formal test scripts) can be a very important tool to align all parties from the perspective of quality management of the integrated system. The formal test scripts for end-to-end testing of relevant CO business processes would, in essence, provide operational definition and baseline reference on how the integrated system would fulfill business requirements, usability requirements, performance requirements, etc. This can be a kind of "open book test" for all forms of testing effort by contractors and OHA/CO, including but not limited to Maximus IV&V.

4. On Maximus IV&V Contracting with CO. Given contracting and learning curve considerations, CO needs to release work to Maximus for (a) the IV&V Master Test Plan (inclusive of formal test scripts); and (b) the actual testing activities in a highly streamlined and coordinated fashion. Specifically, weeks CANNOT elapse between the completion of the Master Test Plan / formal test scripts and the start of meaningful independent testing.

Hope this helps.

Ying

From: Cummings Bob [REDACTED]
Sent: Friday, April 26, 2013 9:12 AM
To: Jon C Lemelin/MAXIMUS; KWONG Ying K * CIO
Cc: CVETKO John
Subject: RE: this Thursday's Briefing at Cover Oregon

Jon:

Please make sure that Mark Liewergen, the new CO PMO manager, is kept in the loop. Mark just started this past week, so it will take him a while to get up to speed. I'm concerned that test planning that should have been started last August, is being delayed till four months before go-live, and now both the project and QC/IV&V oversight must somehow make it all happen in too short of a timeframe. I'm not seeing a lot of experienced "testers" involved in all of this, and it doesn't give me warm and fuzzies (particularly given the timeframes that we are facing, the lack of test plans, scripts, data, the

moving scope of what needs to be tested, etc. etc. etc.).
October 1 isn't looking real promising to me given that August 1 is the so-called "go-live" decision timeframe (and when UAT is supposed to "begin" - I think).

Call we "extremely worried."

Bob C.

From: Jon C Lemelin/MAXIMUS [REDACTED]
Sent: Friday, April 26, 2013 9:08 AM
To: KWONG Ying K * CIO
Cc: Cummings Bob; CVETKO John
Subject: RE: this Thursday's Briefing at Cover Oregon

Ying,

I share your concern.

This area (testing) has been marked as an area of high risk (red) in both the Feb and March Monthly Quality Reports for Cover Oregon. And i suspect it will remain red for the foreseeable future.

Obviously, the mitigation to this risk is properly planning for a comprehensive suite of testing to be performed prior to any planned system go-live, This testing would include a robust system of system integration and user acceptance testing, as well as performance, security, disaster recovery, and denial of service testing. As you know, these tests should all be completed, separate and apart from, and often prior to, the execution of any IV&V testing.

John - can you offer your understanding of the overall testing plan for CO?
When are the "code drops" currently scheduled? and when are the various forms of testing anticipated for each?

thxs,

[IMAGE]
Jon C. Lemelin, PMP, Vice President
MAXIMUS Consulting

[REDACTED]

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From: "KWONG Ying K * CIO" [REDACTED]
To: Jon C Lemelin/MAXIMUS [REDACTED]
Cc: "CUMMINGS Bob" [REDACTED] "CVETKO John"
[REDACTED]
Date: 04/25/2013 01:47 PM
Subject: RE: this Thursday's Briefing at Cover Oregon

Jon,

I appreciate the update.

I think this multi-step plan would have been OK if everything was put in motion some weeks ago, with test scripts ready a few weeks before the first testable software by HIX-IT / Oracle. Given the present timing of things, I am concerned.

If you were to wait until a Master Test Plan is completed before putting in place a contract amendment for the actual testing, I predict a delay in the start of meaningful testing in the order of weeks. I say this, because of the lag time that always exists for the learning curve of test personnel -- new test environment, new tools, new platforms & architecture, new people to interface to at CO / OHA / Oracle / Cognosante, etc.... not to mentioned the time required by both CO and Maximus to execute the required contract amendments and time for John to hire the required personnel -- which all takes time.

With all this said, I need to understand from you and John how schedule risks can be mitigated in practice under your plan. At the same time, I think CO management needs to be made aware of potential delay in "meaningful independent testing" as soon as possible. I also recommend this item be logged as a schedule risk in your next monthly QA report to CO, with high probability of delay and high impact if delayed.

Ying

From: Jon C Lemelin/MAXIMUS [REDACTED]
Sent: Thursday, April 25, 2013 1:35 AM
To: KWONG Ying K * CIO
Cc: CUMMINGS Bob; CVETKO John; Jon C Lemelin/MAXIMUS@MAXIMUS
Subject: RE: this Thursday's Briefing at Cover Oregon

*** CONFIDENTIAL ***

Ying,

yes, these things take time

1 - in the past 30 days, we've gotten two very important QC efforts underway:
- independent QC of a sample of the Use Cases - which is the basis for requirements that need to be tested...
- independent QC of the EDI & Companion Guide - a critical component of the overall solution

2 -The next step is an amendment to our current agreement for us to do the IV&V Master Test Plan (MTP)
- Aaron will have our proposal for this work tomorrow
- since its an amendment, this should move very quickly
- the development of the actual MTP will take some time, esp due to the dynamic nature of the testing situation

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then, what may be a new contract, for actual IV&V testing
- we've started this process, but since its a new contract, it will take
some time
- in the meantime, John has already started assembling our testing team

Comments?

[IMAGE]

Jon C. Lemelin, PMP, Vice President
MAXIMUS Consulting
1891 Metro Center Drive

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From: "KWONG Ying K * CIO" [REDACTED]
To: "'Jon C Lemelin/MAXIMUS'" [REDACTED]
Cc: "CUMMINGS Bob" [REDACTED] "CVETKO John"
[REDACTED]
Date: 04/24/2013 06:20 PM
Subject: RE: this Thursday's Briefing at Cover Oregon

There is no problem with me / Bob getting the proposal from Aaron when it's available.

Since the amended contract for IV&V is not yet in place (between Maximus and CO), it would seem that there is high likelihood that independent testing cannot start when the major release becomes available in early May. Right?
Besides an executed contract amendment, it seems that it would take some time for your test team to assemble, for test scripts to be developed, for everyone to get access and set up on different technical environments, etc... before IV&V testing can actually begin. These things usually take time.

Ying

From: Jon C Lemelin/MAXIMUS [REDACTED]
Sent: Wednesday, April 24, 2013 12:32 PM
To: KWONG Ying K * CIO
Cc: CUMMINGS Bob; CVETKO John
Subject: Re: this Thursday's Briefing at Cover Oregon

Interesting Note. Thanks Ying.

We are having conversations with CO regarding IV&V, including both the MTP and the actual testing.

I'll let you know when i send the final proposal to Aaron, so you can follow-up with him?

I just think you should get it from him, not me - i hope you understand.

thxs,
[IMAGE]

[REDACTED]

From: "KWONG Ying K * CIO" [REDACTED]
To: "Jon C Lemelin/MAXIMUS" [REDACTED]

Date: 04/23/2013 06:08 PM
Subject: this Thursday's Briefing at Cover Oregon

Jon,

I was reviewing materials relating to HIX-IT and Cover Oregon. Did Maximus send out a proposal for IV&V testing (Task 4 of the QA SOW) for Cover Oregon? If you sent one to Aaron or others at Cover Oregon, I don't think Bob and I were copied.

I learned that OHA may not be procuring a separate QC/IV&V contractor for HIX-IT. Given the early May timeframe of the first testable major release from HIX-IT / Oracle, I'm wondering if Maximus is getting all the assistance you need to finalize the contracting process so that independent testing can start without delay. Is there any risk that Maximus IV&V would not be ready to start once the testable release becomes available from HIX-IT / Oracle? I think Bob and I should know the status before the Briefing this Thursday so that the appropriate questions with Aaron and Rocky can be asked.

Thanks,
Ying - image001.gif

From: HOFFMAN Suzanne ([REDACTED]@state.or.us)
To: Uzupis, Betty
CC: MILLER Sarah S * COO
BCC:
Subject: FW: One more thing...
Sent: 03/07/2014 07:33:55 PM 0000 (GMT)
Attachments:

Here's the response from contact staff. OIS staff will collect additional information today.

Suzanne Hoffman, MPH
Chief Operating Officer
Oregon Health Authority

[REDACTED]

-----Original Message-----

From: Perfecto Jose C ([REDACTED])
Sent: Friday, March 07, 2014 9:58 AM
To: RILEY Melody A; HOFFMAN Suzanne
Cc: EMERSON JEREMY; Perfecto Jose C; Rhoades Kirk N; Powell Steve; EDLUND Tina D
Subject: RE: One more thing...

Good Morning Everybody,

Below is a summary of what I shared with Melody by phone:

OC&P has never been engaged with the federal partners except when requested directly by our customer.

I participated in email correspondence with FNS and OCIO after we made the initial purchase of ORACLE products and before OHA assumed the role of System Integrator. FNS and OCIO were providing feedback into the System Integrator RFP that we were developing at the time.

When the SI RFP was scrapped, Mike Metroke and I were not involved in further conversation with any federal partners.

I have called Mike to confirm any communications related to this matter and he has confirmed the above.

To my recollection the following key people were more involved with the relationship with any federal partners:

Toni Rogers, Monte Burke, Russ Hargrave, Tracey Humphreys, Pete Mallord.

Please let me know if there are any questions.

Thank you
Jose

-----Original Message-----

From: RILEY Melody A ([REDACTED])
Sent: Friday, March 07, 2014 8:48 AM
To: RILEY Melody A; HOFFMAN Suzanne
Cc: Perfecto Jose C; Powell Steve; EDLUND Tina D
Subject: RE: One more thing...

Don Wall located his notes from his recent conversation with Mike Metroke regarding this Oracle contract review. Mike says they were discussed in the quarterly calls with CMS and OCIO, but they didn't ask to review them. Don and I not located the specific CMS meeting notes where this is captured. I'm trying to connect with Jose on the phone around 9am to see if he or Mike have captured specific notes.

-----Original Message-----

From: HOFFMAN Suzanne [REDACTED]
Sent: Friday, March 07, 2014 8:34 AM
To: RILEY Melody A; HOFFMAN Suzanne
Cc: Perfecto Jose C; Powell Steve; EDLUND Tina D
Subject: RE: One more thing...

Thanks Melody. This is critical in that we understand this was a requirement. I recall Carolyn referring to conversation with CMS on a regular basis on a variety of topics so I assume there was appropriate engagement that was documented somehow.

Suzanne Hoffman, MPH
Chief Operating Officer
Oregon Health Authority

-----Original Message-----

From: RILEY Melody A [REDACTED]
Sent: Friday, March 07, 2014 8:31 AM
To: RILEY Melody A; HOFFMAN Suzanne
Cc: Perfecto Jose C; Powell Steve; EDLUND Tina D
Subject: RE: One more thing...

I just spoke with Don Wall of OIS Business Operations. In his previous discussion with Mike Metroke of OC&P, he said that Mike recalled that this was discussed in one of the CMS calls. We're trying to track down more specifics so we can give you a definitive answer.

Jose...Don is looking for his notes with Mike...if you and/or Mike can provide more information that would be great. Thanks.

-----Original Message-----

From: HOFFMAN Suzanne [REDACTED]
Sent: Friday, March 07, 2014 8:26 AM
To: RILEY Melody A
Cc: Perfecto Jose C; Powell Steve; EDLUND Tina D
Subject: RE: One more thing...

This is a RUSH request. First Data is nearing the deadline.

Suzanne Hoffman, MPH
Chief Operating Officer
Oregon Health Authority

-----Original Message-----

From: HOFFMAN Suzanne
Sent: Friday, March 07, 2014 8:19 AM
To: RILEY Melody A [REDACTED]
Cc: Powell Steve; Perfecto Jose C [REDACTED]; EDLUND Tina D [REDACTED]
Subject: FW: One more thing...
Importance: High

Melody,

I need more follow up on this one. These contracts should have been reviewed by CMS. Please see what you can find out ASAP.

Thank you.

Suzanne

Suzanne Hoffman, MPH
Chief Operating Officer
Oregon Health Authority

-----Original Message-----

From: Uzupis, Betty [REDACTED]
Sent: Friday, March 07, 2014 8:17 AM
To: HOFFMAN Suzanne; MILLER Sarah S * COO
Cc: Grubmuller, John; Sodergren, David
Subject: RE: One more thing...
Importance: High

Hi Suzanne and Sarah,

Could you please provide the reason why none of the Oracle contracts/purchase orders were submitted to CMS for approval? Thanks very much.

Betty Uzupis
VP Government Consulting
First Data

-----Original Message-----

From: HOFFMAN Suzanne [REDACTED]
Sent: Thursday, February 13, 2014 8:22 PM
To: MILLER Sarah S * COO; HOFFMAN Suzanne
Cc: Uzupis, Betty
Subject: RE: One more thing...

Correct.

Suzanne Hoffman, MPH
Chief Operating Officer
Oregon Health Authority

-----Original Message-----

From: MILLER Sarah S * COO [REDACTED]
Sent: Thursday, February 13, 2014 5:20 PM
To: HOFFMAN Suzanne
Cc: Betty Uzupis
Subject: RE: One more thing...

Suzanne,

To clarify, none were submitted to CMS AND none were approved by CMS?

Thanks, SM

Sarah Miller
Deputy COO
Office of the Chief Operating Officer

-----Original Message-----

From: HOFFMAN Suzanne [REDACTED]
Sent: Thursday, February 13, 2014 5:19 PM
To: MILLER Sarah S * COO; HOFFMAN Suzanne
Cc: Betty Uzipis
Subject: RE: One more thing...

Sarah,

No Oracle contracts were approved by CMS.

Suzanne

Suzanne Hoffman, MPH
Chief Operating Officer
Oregon Health Authority

-----Original Message-----

From: MILLER Sarah S * COO [REDACTED]
Sent: Wednesday, February 12, 2014 8:21 AM
To: HOFFMAN Suzanne
Cc: Betty Uzipis
Subject: One more thing...

Hi Suzanne,

FD would like to know which of the Oracle contracts were submitted to CMS for approval and which ones were approved.

A simple list of each would be fine. No other documentation is necessary.

Can you help or should I check in with someone else?

Thanks, Sarah

Sent from my iPhone

Message

From: Patricia McCaig [REDACTED]
Sent: 8/17/2014 4:50:06 PM
To: Mike Bonetto [REDACTED] BONETTO PERESONAL EMAIL
Subject: FYI
Attachments: MESSAGE FROM LIZ-tde.docx; HTML Attachment.html; MESSAGE FROM LIZ pmc.docx; HTML Attachment.html

Don't know if you care, or want to weigh in with me. **Two documents below:** the first is Patty's draft with comments from Tina of the memo from Liz regarding the invoices, the second one is my rewrite of the memo. They are different. I just sent to Patty and Tina, will see how they react. Hope to get this out tomorrow.

My edits:

- not sure if helpful

- reorganized it leading more with the purpose of the memo and ending with very abbreviated successes which I also had the board take ownership of - not clyde
- made it less personal, no first names, in fact no names at all
- removed some details that may be needed in q&a but didnt seem central
- tried to focus it more on just the CFO expenese
- I back away from the full frontal on CMS, but daylighted that we were in conversation with them.

Patricia McCaig
[REDACTED]

MESSAGE FROM LIZ

Dear Board Members,

In response to a public records request Cover Oregon will be releasing invoices and payment records for the work done and expenses paid to Hamstreet & Associates from April through July. As you know, Clyde Hamstreet ended his tenure as interim executive director on July 13th. The remaining associates from the firm will end their work on August 29th and the contract will be closed.

I am writing this memo to offer some background information about the Hamstreet contract and monthly billings that I hope you will find helpful and the documents are attached. I also want to make you aware of some actions Aaron is taking to ensure all Cover Oregon contracts have proper CMS review.

As you know, the firm Hamstreet and Associates is a known and respected turnaround contractor who specializes in stabilizing organizations in crisis. The firm was hired for a very specific purpose at Cover Oregon during a difficult time for consumers, agents, partners and staff. Clyde Hamstreet served as executive director from April 10 until July 13.

During his tenure, Clyde and his team successfully guided Cover Oregon as the board decided to move to the federal technology for commercial enrollments and to give the Medicaid application process back to the Oregon Health Authority. In addition, Hamstreet and Associates brought much-needed executive leadership and fiscal stability to Cover Oregon. They led a comprehensive review of contracts to end or streamline the scope where possible and oversaw a significant reorganization and downsizing of the organization. This led to a reduction in payroll of 16% from 189 employees to 158 today and reduced monthly expenses by an average 57% from \$10.4 million per month to \$4.7 million per month.

So far, Cover Oregon has paid Hamstreet and Associates \$465,090 for work done April through June. The July invoice for \$133,609 is going through the review process. There will be a final invoice for August work.

The payments cover the hourly rates for Clyde Hamstreet, Mark Schmidt, who is serving as Chief Operating Officer, Susan King, who is serving as Chief Financial Officer, and Hamstreet Associate Maren Cohen who worked on special projects.

As part of the contract Cover Oregon also agreed to pay for reasonable out-of-pocket expenses. This contract meets state contracting standards and was reviewed by the Department of Administrative Services and Oregon Department of Justice.

I reviewed and approved reasonable and allowable expenses every month. Cover Oregon was billed \$22,242 for expenses and paid \$15,616 under the contract for the work done April through June.

Reasonable and allowable expenses in the contract include travel and lodging for Hamstreet associates who do not live in the Portland area but are integral to the work the contract required. This includes a portion of the travel cost for flights between Oregon and Hawaii for Mark Schmidt – up to the limit allowed by federal policy – as well as car rental charges.

In addition, rather than charge Cover Oregon the federally allowable per diem of \$106 per night (plus local room tax), Mark rented a furnished apartment and billed Cover Oregon \$70.00 per day for the apartment for the days he was in the state, which saved Cover Oregon more than \$2,000 so far. Additional expenses included travel for the trip Clyde took to meet with CMS in April, and rental car and meal reimbursement for Maren Cohn.

Finally, in the course of reviewing this and other contracts, Aaron has learned that required documentation for some of/many of?? Cover Oregon's non-IT contracts was not sent to the Centers for Medicare and Medicaid Services (CMS). He is in discussions with CMS to ensure they have all necessary information on current contracts, and he is implementing a new process to ensure that CMS receives proper documentation for all contracts moving forward. We will keep you apprised of those efforts.

Please let me know if you have any questions at all.

Best,

Liz

MESSAGE FROM LIZ

Dear Board Members,

In response to a public records request, Cover Oregon is releasing invoices and payment records for the work done and expenses paid to Cover Oregon's contractor, Hamstreet & Associates (Inc.? LLC). As you remember, the Hamstreet & Associates contract with Cover Oregon was approved by the Board on April XX, XXXX. At that time, as Chair of the Board, I was authorized to review and approve the monthly invoices and payments to Hamstreet & Associates. As these Hamstreet & Associates invoices and Cover Oregon payments become public, specific payments may raise some questions. I wanted to take this opportunity to provide you with relevant background information in anticipation of possible questions.

The Hamstreet & Associates contract, as amended, is from April to September 2014, limited to \$750,000 and included specific personnel and services. Three top positions at Cover Oregon were temporarily filled through this contract - the interim director, the Chief Operations Officer, and the Chief Financial officer.

As expected, with the recent hiring of our Executive Director in July, the need for Hamstreet & Associates services changed. The temporary interim director completed his work in July and the remaining associates from the firm will end their work on August 29th. The contract will close on schedule.

The Hamstreet & Associates contract (reviewed by the DOJ and DAS) covered:

- payments for the hourly rates for approved personnel
- reasonable out-of-pocket expenses, and
- travel and lodging (based on state/federal per diem rates) for out-of-state Hamstreet associates required to complete the work outlined in the contract.

To date, Cover Oregon has paid Hamstreet & Associates \$465,090 for work done April through June. The July invoice for \$133,609 is going through the review process and we expect an invoice for August work.

Included in the payments to Hamstreet & Associates are allowable expenses I reviewed and approved. From April thru June, Hamstreet & Associates submitted expense invoices totally \$22,242 to Cover Oregon. After internal reviews of the submitted expense invoices, I approved \$15,616 as reasonable and allowable. Those reimbursements were contained in the payments above.

As the press and public review the \$15, 616 expense payments made from Cover Oregon to Hamstreet & Associates, I expect there will be questions specifically about the reimbursements to the acting CFO for a portion of his airfare between Oregon and Hawaii, car rental charges, and rent for a furnished studio apartment in Portland. I want to be very clear about these expenses – each was individually reviewed, determined to be allowable within the terms of the contract, and met state and federal travel and

lodging guidelines. Importantly, the decision by Hamstreet & Associates to rent an apartment rather than bill the allowable \$106 daily per diem for lodging was significantly less expensive for Cover Oregon – costing about \$70.00 a day instead of \$106.00.

I am attaching the full set of invoices and payments for your review, or you can get them online at _____. Additionally, because of the press attention a few of these payments might generate, we have also reached out to our partners at CMS, and provided them with the same information and a copy of the contract so they can be prepared for possible press inquiries.

In the last five months we have made significant strides responding and adapting to the challenges Cover Oregon has faced. We have worked relentlessly to bring fiscal stability to Cover Oregon by streamlining our scope, reviewing and closing contracts, and reorganizing and downsizing the organization. We have reduced payroll by 16% from 189 employees to 158 today and reduced monthly expenses by an average 57% from \$10.4 million per month to \$4.7 million per month. The work performed under the Hamstreet & Associates contract was critical to moving towards achieving that fiscal stability and I believe the billings and payments are appropriate. If you need further information or have additional questions about other invoices or payments, please call me.

Best,

Liz

From: WENTZ Patty [REDACTED] WENTZ STATE EMAIL >
Sent: 3/14/2014 5:07:08 PM +0000
To: PALMATEER Dmitri * GOV [REDACTED] PALMATEER STATE EMAIL >;
HARMONJOHNSON Nkenge * GOV [REDACTED] HARMON JOHNSON STATE EMAIL >; KOLMER Sean [REDACTED] KOLMER STATE EMAIL >
Subject: Fwd: Recent report
Attachments: 1013 DA 0023-MITRE FFRDC Technical Assistance Report - Oregon - v1 0.docx; ATT00001.htm

In case u didn't get this yet b

Sent from my iPhone

Begin forwarded message:

From: "Goldberg, Bruce" [REDACTED] GOLDBERG COVER OREGON EMAIL >
Date: March 14, 2014 at 10:01:02 AM PDT
To: WENTZ Patty [REDACTED] WENTZ STATE EMAIL >
Subject: FW: Recent report

From: <Goldberg>, Bruce Goldberg [REDACTED] GOLDBERG COVER OREGON EMAIL >
Date: Thursday, March 13, 2014 11:27 AM
To: REP Greenlick [REDACTED] state.or.us>, REP Thompson [REDACTED] state.or.us>, SEN MonnesAnderson [REDACTED] state.or.us>, SEN Boquist [REDACTED] state.or.us>, SEN Devlin [REDACTED] state.or.us>, SEN Olsen [REDACTED] state.or.us>, SEN Beyer <[REDACTED] state.or.us>, VegaPederson Rep [REDACTED] state.or.us>, Thatcher Rep [REDACTED] state.or.us>, REP Harker [REDACTED] state.or.us>
Cc: "Barenberg, David" [REDACTED] mail.com>
Subject: Recent report

Dear legislators,

You may have seen media reports about a technical assistance report that we received from CMS. I want to provide some context about what that report is.

After the troubled launches of several state exchanges, CMS offered to provide technical assistance to the states. We took them up on that offer and they were on site with Cover Oregon in January. The report is based on that visit and doesn't have updated information on changes since then, the opening of the website to agents and

community partners or how Cover Oregon is looking at alternatives for the technology moving forward. The technical assistance is designed to be of use to Cover Oregon and is not an audit or review. It does not require any response from Cover Oregon.

We received the report the end of February. I will share a more detailed analysis with you when it is complete. As you will see by the report (attached) it flags concerns, some that we have taken action on and shared with you, including:

- A launch process with success criteria, which included both CO technical and business considerations;
- A vendor partner to analyze the system for needed enhancements and remediation and to propose a Project Management Office structure
- An alternatives analysis for the technology moving forward

In addition, with the transition plan from Oracle as a vendor, we now have full access to all environments, source code and documentation and we are transitioning release and configuration management away from Oracle to Cover Oregon.

Let me know if you have any further questions

Bruce

From: WENTZ Patty <WENTZ STATE EMAIL>
Sent: 3/13/2014 2:47:24 PM +0000
To: BONETTO Mike * GOV <BONETTO STATE EMAIL>
Subject: Fwd: CMS' Independent IT Assessment of the Oregon Health Insurance Marketplace
Attachments: 1013 DA 0023-MITRE FFRDC Technical Assistance Report - Oregon - v1 0.docx; ATT00001.htm

Sent from my iPhone

Begin forwarded message:

From: "Cox, Michael" <[REDACTED]@coveroregon.com>
Date: March 12, 2014 at 1:31:29 PM PDT
To: WENTZ Patty <WENTZ STATE EMAIL>
Subject: FW: CMS' Independent IT Assessment of the Oregon Health Insurance Marketplace

--

Michael Cox | Communications Specialist | Cover Oregon <[REDACTED]>

From: Karjala Aaron <[REDACTED]@coveroregon.com>
Date: Wednesday, March 12, 2014 12:30 PM
To: Michael Cox <[REDACTED]@coveroregon.com>
Subject: FW: CMS' Independent IT Assessment of the Oregon Health Insurance Marketplace

Aaron Karjala
Chief Information Officer
Cover Oregon
<[REDACTED]>

From: Schmidt, Donna W. (CMS/OIS) <[REDACTED]@cms.hhs.gov>
Sent: Thursday, February 27, 2014 1:41 PM
To: Karjala Aaron
Cc: Grothe, Kirk A. (CMS/OIS); Burke, Sheila M. (CMS/OIS); Shields, Karen M. (CMS/OIS); DeCastro, Peter M. <[REDACTED]> Bynum, Donald; Stolbach, Jennifer B. (CMS/CCIIO); Mercer, Karen L. (CMS/CCIIO)
Subject: CMS' Independent IT Assessment of the Oregon Health Insurance Marketplace

Aaron, as we discussed, attached is the Oregon FFRDC technical assistance report. We appreciate the opportunity to provide this independent assessment of your Health Insurance Marketplace. We look forward to working with you as you consider the information contained herein and as you move forward towards further implementation of the Oregon IT

solution.

Please let me know if you have any questions and/or would like to discuss further.

Thanks and have a great day!

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Centers for Medicare & Medicaid Services



**Centers for Medicare & Medicaid Services
Office of Information Services
Consumer Information and
Insurance Systems Group**

**Technical Assistance Report For:
Oregon Health Insurance Marketplace**



For Limited Distribution

Version 1.0

February 27, 2014

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1. Introduction

1.1 Background

To implement the provisions of the Patient Protection and Affordable Care Act (PPACA), the state of Oregon is creating the Oregon Health Exchange, a new State-based Marketplace. The Oregon Health Marketplace is independently operated by Cover Oregon (CO) and is to act as the common front door that citizens use to gain access to affordable health insurance and Medicaid based on Modified Adjusted Gross Income (MAGI). The Oregon Health Authority (OHA) administers the State's Medicaid Program. To implement the information technology (IT) system that supports the Marketplace, Oregon was awarded an Early Innovator Grant from the Centers for Medicare and Medicaid Services (CMS). Oregon chose to act as its own system integrator and partnered with Oracle to develop their solution in June 2011.

1.2 ACA Implementation in Oregon

ACA requires that States implementing a Marketplace first determine eligibility for Medicaid or CHIP based on current Modified Adjusted Gross Income (MAGI). If the applicant is ineligible for Medicaid or CHIP, the State must then determine eligibility for subsidized coverage (also known as an Advance Premium Tax Credit – APTC) before offering unsubsidized coverage through a process that allows the applicant to compare plans and select the one they prefer.

CO has chosen to build a single web-based portal that will make eligibility determinations and allow citizens to shop for plans. Applicants considered eligible for Medicaid or CHIP are enrolled through Oregon's Medicaid Management Information Systems (MMIS). Applicants eligible for subsidized coverage and those who want to purchase unsubsidized plans are enrolled in plans through the Health Insurance Marketplace.

In addition to determining program eligibility and supporting enrollment, the Marketplace offers key functions such as plan management, financial management, Small Business Health Options Program (SHOP), customer service, and outreach and reporting.

1.3 CO HIX Implementation Issues

Oregon's Marketplace solution consists of a suite of mostly Oracle, commercial off-the-shelf software. Throughout the project, there have been challenges in that Oregon has continued to be behind schedule with the delivery of artifacts, demonstrating key functionality and meeting CMS testing timelines.

Prior to October 1, 2013, CO, realizing that full functionality would not be ready, started focusing on implementing a Day 1 contingency plan which consisted of full functionality via an "internal portal" for community partners and agents. Through a public facing external website

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individuals can complete anonymous browsing of plans and locate a community partner/agent for further assistance. Individuals contact the community partner/agent and the community partner/agent completes the application with the individual, via the internal portal. However, throughout the month of October, the internal portal available to community partners/agents suffered issues as well and eventually the functionality was scaled back so that only paper applications were accepted and routed to customer service representatives (CSR) to enter application data into the back office Siebel system. Additional functionality to determine eligibility was launched in early November for the internal portal only. Because of the huge manual processes, additional CSR staff was brought in to support the manual processes. Also, the Oregon Health Authority (OHA) provided staff to assist with this process.

CO has set target dates for a full launch in October, November, December, and January, but has missed these dates due to unresolved critical defects, performance issues in the various environments and incomplete deliverables such as additional infrastructure environments, performance tuning and performance testing results.

1.4 Scope of Work

CMS has requested IT and systems engineering assistance from its partnership with The MITRE Corporation through the CMS Alliance to Modernize Healthcare (CAMH) Federally Funded Research and Development Center (FFRDC). MITRE has had substantive knowledge and understanding of the CO's systems development life cycle. Additionally, MITRE has also provided technical guidance and assistance through its engagement with CO in supporting and assessing various stages of development through gate reviews.

The goal for the FRRDC technical assistance effort was for MITRE to provide technical expertise and advice to CO regarding the technical design and development work being performed by CO's systems developer, Oracle.

This work consisted of the following activities:

1. Review of known technical defects, issues and weaknesses within the implemented solution stack.
2. Evaluate existing technical artifacts specifically focused on the use of Oracle OPA, Web Center and Siebel. Artifacts to be reviewed included the Marketplace System Design Document, ICDs, Database Design documents, and any relevant detailed design documents.
3. Collaborate with both CO, and the development team to understand the context in which design decisions are being made, and the constraints of their Marketplace solution.
4. Make recommendations (based on analysis) to CO regarding approaches to resolving technical problems and risks related to the design.

1.5 Purpose of This Document

This document provides the findings and recommendations from the CMS State Engagement (SE) Team's review and assessment of the CO HIX System. The SE team consisted of representation from CCHIO, OIS and MITRE. This document contains the approach used for capturing observations based on inputs from the CO stakeholders and provides suggested actions to CO on how to improve specific areas of the system engineering solution.

CO remains responsible for the disposition of recommendations herein - IT direction, decisions and funding - in working collaboration with CMS.

1.6 Approach

The CMS SE Team executed a methodology utilized with other states who have recently requested detailed technical assistance. This methodology is based on a series of workshops and interviews designed to facilitate the collection of information from specific stakeholders in the targeted topic areas. The CMS SE team captured observations during meetings which occurred January 13 – 16, 2014. The CMS SE team collaborated with CO to compose an agenda for the four-day technical assistance (TA) series of sessions and demonstrations around the topic areas specified by CMS/MITRE. The following core topics in the agenda were:

- IV&V Observations and IV&V Tool Demonstration
- Infrastructure
- Change Management/Configuration Management/Environment Management
- Testing Methodology
- Software Development Methodology
- Release Planning and Management
- Daily Scrum Meetings (Eligibility & Enrollment and Plan Selection)
- Performance Test Report Review
- Architecture Review
- System Demonstration
- Disaster Recovery and Continuity of Operations Plan (COOP)

The CMS SE team participated in various types of engagement with CO:

- Workshop style sessions with Subject Matter Experts (SME)
- 1:1 meetings with specific individuals as needed (usually as a result of specific items being identified in the workshop sessions)
- Attending standing CO project meetings

During the engagement sessions, the CMS SE team had the flexibility to probe and to conduct in-depth conversations with the participants.

Each session was conducted in an open and collaborative atmosphere. The non-CMS SE participants were technical individuals from the CO IV&V team, various representatives from Oracle Consulting Services (OCS), CO independent contractors, and CO management. The meeting participants were encouraged to be forthright and forthcoming. The main focus of each meeting was on collecting and verifying information and not on casting blame for the current state of Oregon's Marketplace solution. Participants demonstrated significant commitment, respect, and recognition related to the fluid nature of the session agendas and support for the ad hoc discussions that evolved.

2. Concerns Identified Prior to the Assessment

During initial level-setting discussions prior to the assessment, the CMS SE Team expressed several concerns. Broadly speaking, these concerns involved the stability of CO's solution, system performance, changes of projected dates for delivering full functionality, and overall management of the project. The following subsections present a brief list of composite topics identified by the CMS SE Team.

2.1 Project Management

- There are limited resources dedicated to the Project Management Office (PMO) functions. The primary focus is on the IT build and little attention is given to other areas such as communication and training which is essential when implementing a system of this scope. Other key roles and responsibilities found in a traditional PMO appear to be lacking.
- The schedule is deficient in that it lacks high-level and/or low-level details highlighting overall project activities other than IT.
- There is no detailed implementation plan for each release.
- There is a lack of transparency in the CO's project management. The delivery of outstanding artifacts to CMS is and has not been a CO priority.

2.2 Contract Management

- There have been challenges with CO being able to hold Oracle accountable for needed deliverables by key dates.
- There is no visibility by CO into OCS' activities. Therefore, there is a substantial dependency on OCS for almost everything that is time sensitive (e.g. schedule, fixes, releases, etc.).
- There are collaboration and communication issues between CO and the OCS.

2.3 Software Management

- CO uses JIRA, an Atlassian issue tracking product, to capture, track and report on all defects and change requests which appears to meet the needs of Cover Oregon. However, there are concerns with Cover Oregon's overall processes for managing defects and change requests due to the reoccurrence of previously corrected defects in higher level environments. There is no sign of a robust release management process. Each migration of code to a new environment is often followed with downtime due to release issues.
- Configuration management is difficult and complex as Siebel has no code branching (revision control) capabilities. If there are any problems with a build installation, the system cannot be restored to the previous state in an efficient manner for Siebel.

2.4 System Environments

- The CO solution stack is comprised of almost every single component/product in the Oracle product portfolio. While there are other State Based Marketplaces utilizing elements of the Oracle product portfolio, CO has, without doubt, the most complex mix. As such, there are myriad Oracle technical resources required to maintain and support the system.
- With respect to system performance, load, sustainability and functional (end to end) testing, OCS, to date, has not provided CO with a comprehensive suite of test results/reports.
- With respect to the CO production environment, OMCS has provided very little insight into their disaster recovery and continuity of operations test plan. To date, OCS has not provided any corresponding results from DR testing.
- The system environments are not stable and are affecting testing, development and activities.
- There is no true development or true test integration environments for developers and testers to properly test their code and test cases respectively. This creates an issue with untested code being introduced into the production environment; without first being migrated through the UDEV/FTS/Pre-Prod environments.

3. Findings

This section contains the basic findings from the CMS SE Team technical assistance review of January 13 – 16, 2014. Observation details used to support the findings listed in this section are found in appendix A. At the time of this review, the CMS SE Team learned that CO had implemented and improved some key processes within the past three months and that they were targeting to implement Release 1.1 by February 1, 2014. Even with the improvements implemented over the past three months, these findings still remain. The following sections summarize the key areas:

3.1 Project Management

3.1.1 Project Management Team

CO has staffed an IT project management team, but there is no overarching dedicated Project Manager who should be responsible for overseeing the project to drive overall project activities and keep everyone on track with targeted deliverables. Without a dedicated Project Manager in place, while the IT PM team is able to produce a very high level schedule of key targeted dates for the system, there is no integrated project schedule (or master project schedule) with key dependencies and milestones (consisting of critical IT and non-IT milestones) of all of the teams and stakeholders needed to roll out a release. Also, without a dedicated Project Manager, there is no obvious person within the organization responsible to ensure that all OCS deliverables and activities are performed according to the contract terms (further detailed in section 3.2). Without a dedicated Project Manager there is little, or no, ability to escalate schedule and scope deviations of development, testing, releases, etc. to the CO leadership team.

3.1.2 Project Management Tools

Daily technical sync meetings occur between CO and OCS to go over the status of key areas such as critical JIRA cases, system environment configuration updates, and testing. CO uses standard Microsoft Office tools such as PowerPoint, and Excel to track action items and/or issues. However, CO is not employing Microsoft Project (or any other mainstream project management tool) in order to track schedule, etc. As such, the overall project tracking process is cumbersome and difficult for data analysis or to trace any history of updates.

3.2 Contract/Vendor Management

There is no evidence that CO has established good contract administration processes, or that OCS' activities are being closely monitored to make sure that they are fulfilling the requirements of the contract. This, in conjunction with the findings in section 3.1.1, speaks to a significant portion of the root cause for the delay in the CO solution.

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CO has limited visibility into OCS' activities and it appears that there is not a clear understanding between Cover Oregon and OCS as to what the expected deliverables are. An example of this is the misunderstanding on the performance testing task. CO was expecting performance testing results and OCS was working on a performance tuning report.

There is a substantial dependency on OCS for time sensitive deliverables (e.g. schedule, fixes, releases, etc.). However, it appears that CO does not have any leverage in their contract to make OCS accountable for missing key deliverables.

There is a prominent presence of OCS staff onsite. Moreover, there is a significant number of OCS developers dedicated to each of the functional areas of the overall development effort. It is suggested that there may be a lack of appropriate skillset involved in the makeup of the development teams (a possible example of throwing bodies rather than skillset at a problem).

With this significant footprint of onsite developers, the related expenses associated with accommodating onsite gives rise to the increase in the projected burn rate, it is suggested that this approach may not be cost effective as this will impact the availability of funding to complete development of additional functionality needed for the open enrollment period in 2015.

3.3 System Environments

During the on-site visit, it was noted that CO recognized that a number of testing and subsequent production issues have been born out of inconsistent configuration management across the various system environments. CO had initiated an effort to synchronize the configuration content of the test, performance and pre-prod environments. A subsequent effort would also synchronize the production environment configuration. However, there is still a need for additional environments: true development and true integration test. Not having these separate environments affects the developers and testers abilities to conduct thorough and consistent testing across the suite of environments.

During interviews with CO staff, it was stated by the senior CO contractors that the production system experiences memory and performance issues at least once a day which affects the productivity of users. The fix for this problem is to reboot the system which further interrupts the availability of the system. Ideally, the system environment should be up 24/7 with periodic scheduled maintenance windows.

There is a lack of communication regarding system availability which has a negative effect on testers' ability to test cleanly and efficiently with respect to knowing when the system is available to them for testing purposes. There was no evidence that OCS has provided a copy of any variance reports which will help testers to identify the changes in a release that need to be tested. CO testers have requested these reports, but as of the writing of this report, have not received them.

During the review, a demonstration of system functionality was provided. During the demonstration, there were noticeable delays in the calls to the Federal Data Hub Services and the navigation through Plan Selection.

3.4 Software Management

The tracking of configuration management history is an industry standard and best practice with respect to monitoring and tracking changes of a system. It is not known whether or not OCS is following these standards. However, CO does not have visibility into the configuration management history of their system environments. While OCS does utilize SVN for code management, there is no formal tool in place for system build configuration management. Without this insight into the environments, CO faces challenges in being able to manage their own system and/or bringing other vendors on board if a future decision to terminate the OCS contract is made.

The functional team leads (the “mini project managers” from each of the OCS developments teams) daily agile scrum meetings were initiated in mid-October, 2013 and were continuing to take place during the on-site visit. The scrum meetings consist of a review of open JIRA cases with the OCS developers and the business analysts/testers. The scrum meetings have helped CO’s ability to communicate with the developers, but CO could benefit from having a trained scrum master familiar with true agile scrum processes.

CO is facing challenges with any release that includes Siebel changes. Siebel has no code branching (revision control) capabilities. If there are any problems with a build installation, the system cannot be restored to the previous state in an efficient manner. Rather, the Siebel environment has to be re-built and deployed to the previous version which, in its own right, has not been seen to operate in a consistent manner.

As reported by CO, the OCS staff is using a software version control tool, Subversion (SVN), to analyze changes in the various software versions. However, CO does not have available to them the analysis report nor access to the tool to create its own change analysis reports. While CO has requested these reports from OCS, they have not been produced. This issue speaks to further concerns around contract and vendor management (section 3.2).

With the provision of an on-site release manager, CO has been able to get visibility into the OCS release management plan. The release manager gains knowledge of all of the JIRA case updates and system configuration activities via the daily tech sync meetings. Also, there is evidence that OCS is sharing the release notes with CO. This is unquestionably a positive action.

3.5 Testing

The testing team has a standard set of 23 scenarios used for regression testing. These test scenarios do not appear to be sufficient to adequately conduct regression testing for the Marketplace system.

There is no evidence that formal processes such as the writing of test cases and/or scripts and mapping these test cases to use cases and requirements are being followed. This was evident from the demonstration of how JIRA cases are recorded with no references to use cases or requirements.

3.6 Additional Items

The following additional issues are also of note:

Dependency on OCS resources – there is a significant dependency on OCS’ staff members; many of whom do not have extensive knowledge and experience in a formal software development life cycle. The lack of any formal SDLC has had a significant contribution to the root cause of the delay in the delivery of the CO solution.

Onsite technical resources – CO has two technical contractors (contracted by CO directly) onsite who are knowledgeable in Oracle and Siebel products. However, CO faces challenges with recruiting geographically local experienced IT staff.

Funding Issues – In missing the October 1, 2013 full launch, CO is burning their funding rapidly with the addition of staff hired to assist with the manual processes and has not planned anything beyond the full individual launch Release 1.1. CO communicated that funding additional tasks (e.g. a re-architecture effort) will be financially challenging for the state; however, CMS is committed to working with States to ensure that individuals get health insurance coverage which may include additional funding for IT development.

4. Suggested Actions for Consideration

From interviews with the CO team, improvements in various areas around system development practices and infrastructure environment configuration management for the Oregon Health Insurance Marketplace have been made since the ORR (September 12 & 13, 2013). Oracle has made progress in several systems engineering areas as evidenced by recent releases being delivered on time, and a stabilization of the system which has allowed CO to provide successful demonstrations of full functionality to stakeholders. However, there are still significant performance issues with the system such that, while the core functionality exists, the end user experience would be significantly diminished. Engaging in these improvements, while clearly showing progress, were not begun soon enough in the overall program timeline.

Based on the observations from the week of engagement, and based on prior knowledge of the CO program, the CMS SE Team suggests CO consider the following actions to address the known issues with the CO Marketplace solution and to aid in being able to move forward with a full launch of functionality and to respond to required changes in the system to support the mandates of the PPACA program. If CO is interested in implementing any of the suggestions herein - IT direction, decisions and funding – CMS is poised to provide technical assistance as necessary to effectuate the change.

4.1 Configuration Management

- *Create an environment product map*
As part of the environment sync effort, CO should ensure that OCS provides and maintains an environment product map for each discrete environment. It is highly recommended, and consistent with industry best practices, to track the product versions installed in each environment.
- *Transfer configuration management responsibility*
CO should consider taking ownership from OCS of the overall configuration management process and execution. This will give CO a better perception and comprehension of what is configured and will assist in more accurate program timeline estimates.
- *Request configuration report of system environments*
CO should request from Oracle, configuration reports for each of the system environments. This information is crucial for CO to troubleshoot environmental issues especially in the production environment which cannot afford to have unplanned system downtime.

4.2 Change Management

- *Analyze data and utilize it to isolate problem areas*
CO should acquire and/or develop additional data analysis reports on various aspects of the system and understand their subsequent usage. JIRA is one source of information that can be

utilized to identify problem areas. By utilizing the available information in JIRA, problem areas can be better isolated. IT releases can be prioritized, and resources can be enhanced.

- *Conduct a detailed analysis into the existing OCS change management process*
CO should perform a detailed analysis of the current OCS change management process and determine the steps necessary to institute a single, streamlined process to improve the control and management of the overall change management function.
- *Transparency into the OCS SVN environment*
OCS should provide CO access to the SVN environment. At a minimum, OCS should provide CO with detailed reports specific to code management.

4.3 Release Management

- *Continue to improve the release management process*
CO should be more involved in Oracle's release management process. This is especially important when OCS revises the process to align with CO's expectations.
- *Add a step to the release management process to create a rollback plan*
As mentioned in section 2.3, the OCS code versioning does not allow for branching and as a result some unwanted code elements are included in certain software builds. Therefore, it is suggested that OCS provides a rollback plan for every release so the system can be restored to the previous state in an efficient manner.
- *Take control of direct process execution*
It is suggested that if CO were directing the process execution, inconsistent migrations of code updates can be minimized (e.g. moving from FTS into Prod without first going through Pre-Prod).

4.4 Testing

The recommendations in this section are for both the IV&V testing and integration testing teams.

- *Improve inter-team testing information sharing*
As part of the overall development and testing methodology, CO should institute the ability for the test teams to gain access to the developer unit test results. This may reside within the data in the JIRA environment.
- *Communicate timelines and availability of environments that affect testing*
The CO testing teams would be more effective if they were fully informed of system availability and build deployment schedules. Information about environment availability and timelines for testing should be shared between the infrastructure and testing teams.
- *Request that OCS share specific information with the IV&V contractor*
To enable accurate IV&V assessments, CO should request that OCS share variance and other reports with the IV&V contractor on a regular basis.

4.5 Performance and Load Testing

- *Develop a performance testing strategy*
CO should immediately work with Oracle on a performance testing strategy. This should include the short-term goal of assessing the break point (in terms of concurrent users) of the solution. CO should initiate discussions with Oracle on performance testing and identify options/recommendations for improvement. CO should review the current contract with Oracle to make sure that there is a clear understanding of what is expected for the various deliverables from Oracle.
- *Enable Oracle and the CO IV&V team to collaborate and cooperate on testing*
CO leadership should open discussions with the CO IV&V team and Oracle to jointly execute the required load and performance tests.

4.6 Disaster Recovery and Continuity of Operations Plan (COOP)

- *Obtain failover test results and establish a failover test schedule*
CO should obtain from OMCS the results from the failover test performed in September 2013. In accordance with the OMCS contract, CO should require OMCS to establish a failover test schedule and plan with the first test occurring within the first two weeks after full production operation is implemented.

4.7 Architecture

- *Optimize system architecture*
Based on the team's observations, the CO architecture and data model deserve significant review and re-work. CO should perform an in-depth analysis of the current architecture to identify opportunities for reducing complexity. After this is completed, CO should endeavor to simplify and streamline the architecture by reducing the Oracle product footprint, reducing the number of integration points, and simplifying the overall structure and deployment without inhibiting the overall functionality of the system.
- *Transition and ownership of the system architecture from OCS*
CO should transition control and ownership of the system architecture away from OCS. This will allow CO to more easily consider alternative solutions and mitigate resource turnover. This could be achieved by hiring a system architect or by further engaging the current independent technical contractors (i.e. Tom McIvor, and Garrett Reynolds) currently working with CO.

4.8 Project Management

- *Consider establishing a formal, centralized program management office (PMO) and a dedicated Project Manager*
CO would reap significant benefit from having a formal, centralized PMO to oversee the Exchange program management responsibilities. In addition, establishing an overarching and dedicated project manager (a role not currently in place) who would perform every aspect of project management, e.g., maintaining an integrated program schedule, ensuring artifacts/documentation are up to date, necessary communication/coordination is occurring among program stakeholders, etc. The PMO and project manager would be primarily concerned with ensuring all interdependent tasks can be performed in parallel in order to meet the schedule timelines.
- *Transition of program roles and responsibilities*
Due to the history of issues with OCS' performance and transparency¹, reinforced by observations during the TA workshops, CO should examine other roles and responsibilities held by OCS and consider transitioning some or all of them to CO resources, or other technology partners. CO should take steps to assume overall control of project and development activities from OCS, including the managing of the CO project timeline and its implementation. As with the system architecture responsibilities, CO should develop an internal transition plan for targeted roles and responsibilities held by OCS and begin efforts to identify and acquire development and other resources that report directly to CO.
- *Adopt a project management tool with more functionality to track action items/issues*
As noted in section 3.1.2, CO is using standard Microsoft tools such as PowerPoint and Excel to track action items and issues. CO would benefit from adopting a tool with additional functionality to give them the capability to track history of action items and/or issues.

4.9 Development / Agile Process

- *Engage a formal agile development methodology*
As CO obtains greater control over the development resources and project management, CO should consider embracing an agile methodology in a more formal manner. This could be achieved in part by having one or more resources formally trained as a Scrum Master to plan and facilitate the daily scrum meetings. Subsequently, engaging in formal agile methodology training for others on the CO team would instill more discipline to the overall process and would help mature the home grown processes currently in place.

¹ In addition to issues previously reported by CO, the CMS State Engagement Team has observed this pattern of behavior from OCS on prior Lifecycle Consult engagements with CO. These observations are not included in this Technical Assistance report but are referenced in support of the suggested action.

4.10 Additional Items

In addition to the core areas suggested for consideration, the CMS SE team also suggests the following actions:

- *Modify roles and responsibilities of independent contractors*
Giving more decision authority to independent contractors (i.e. Tom McIvor and Garrett Reynolds), would assist CO in progressing faster in their IT development and solution.
- *Examine the long-term future of the Cover Oregon Marketplace implementation*
CO should examine the long-term future of the Marketplace implementation in terms of cost and the necessary skillsets for overall program management and operations. This will help CO prioritize their list of necessary actions in terms of resource management and improving their system architecture; along with maturing the long-term plan for supporting the system in terms of funding, people, tools, processes, etc.
- *Begin forming a transition plan*
CO has already initiated a transition plan to replace OCS. It is highly recommended to further identify a more appropriate technology partner(s) for specific program roles and responsibilities
- *Share information needed prior to meeting*
CO should impress upon the contractors a behavior of sharing information in a timely manner with the tech sync meeting facilitator/administrator. This will ensure all the latest issues that are blocking progress are discussed in the meeting and obtain commitment for improvement from the right individuals.
- *Establish a single facilitator to lead the daily tech sync meeting*
It was not clear who was the facilitator in the daily tech sync meetings. Due to the dynamic nature of the participants present in the meeting, a formal facilitator is needed to bring control and discipline to the meeting. If the facilitator is in a remote location, a designee who can be physically present in the meeting should be appointed.

Acronyms

CAMH	CMS Alliance to Modernize Healthcare
CCB	Change Control Board
CI	Continuous Integration
CMS	Centers for Medicare & Medicaid Services
CO	Cover Oregon
COOP	Continuity of Operations
DR	Disaster Recovery
FFRDC	Federally Funded Research and Development Center
HHS	Department of Health and Human Services
IT	Information Technology
IV&V	Independent Verification and Validation
OATS	Oracle Application Testing Suite
OCM	Oracle Configuration Management
OCS	Oracle Consulting Services
OEM	Oracle Enterprise Manager
OMCS	Oracle Managed Cloud Services
OPA	Oracle Policy Automation
PMO	Program Management Office
RAC	Real Application Cluster
RPO	Recovery Point Objective
RTO	Recovery Time Objective
SI	System Integrator
SDLC	Software Development Life Cycle
SME	Subject Matter Expert
SOA	Service Oriented Architecture
SVN	Apache Subversion
TA	Technical Assistance

Appendix A. Observations during Assessment

This section contains observations captured during the CMS SE Team technical assistance review conducted on January 13 – 16, 2014. These observations were used to support the findings and suggested actions for consideration listed in sections 3.0 and 4.0 of this document.

Significant transparency issues exist between CO and OCS and it appears to be a contract management issue. Examples of this are:

1. There are instances (e.g., performance testing) where CO has a significant gap in their work expectation from OCS vs. the actual work OCS is performing.
2. OCS did not present any evidence to demonstrate that they are managing the scope of functionality in their releases.
3. When asked to present or report on the progress of various deliverables and activities, OCS indicated to CO that this is not within the scope of their contracts.

CO demonstrated a significant lack of confidence in OCS' performance based on a variety of evidence, i.e.:

- An overall lack of timeliness and quality with regards to solution delivery
- The clear and obvious lack of transparency
- The lack of cooperation with other contractors (e.g. the IV&V contractor)
- The associated financial burdens which have been placed on the program.

A.1 Configuration Management

A.1.1 System Environment

CO conducts weekly operational meetings with Oracle Managed Cloud Services (OMCS) where software and infrastructure configuration management decisions are made regarding the patches and products that will be released into the various environments. CO currently has six system environments that are maintained by OMCS:

- UDEV – Used for development and unit testing.
- FTS - Used for functional, integration and IV&V testing.
- Pre-Prod – This environment is a mirror of the production environment and is used for regression testing of code prior to migrating code to production.
- PERF – Used for performance testing.
- Prod – This is the production environment.
- DR – Used for disaster recovery and is a mirror of Prod.

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Two additional environments are planned for the future: one will serve as a true development environment and the other a true testing environment. Currently, the FTS environment is being shared between the testing teams for functional, integration and IV&V testing. Typically, these environments are separate. As a result, the testers are facing challenges to test their test cases successfully because the various testing activities interfere with each other. The issue could be code or environmental issues where developers promote code changes to the same environment while testing activities are in progress.

In November 2013, CO added a pre-production system environment (Pre-Prod) which mirrors the existing production environment. The utilization of this environment allows CO to perform regression testing prior to migrating code to Production, to minimize the number of unanticipated and unforeseen production issues.

During the onsite visit, the environment configurations (component and product versions) for FTS, PERF and the Pre-Prod environments were not in sync; however, CO communicated plans to sync these environments by January 18, 2014. The production environment would be included in the configuration sync plan by January 27, 2014. (Confirmation on the syncing of these environments was provided on February 3, 2014.)

A.1.2 Software Migration

Prior to September 2013, OCS was in a mode of delivering large code drops into the test environment with little notice or information for the test teams to work with. Once the test teams were able to test, the number of new defects identified was growing faster than the number of defects cleared. This resulted in the number of defects in new or open statuses continuing to rise rather than decline.

Post September 2013, CO/OCS adopted a more iterative methodology such that there was more frequent code migration process from UDEV to the FTS environment. With smaller changes in content and function between drops, this reduced the code cycle time between unit testing and integration testing as fewer defects and configuration changes needed to be addressed.

However, OMCS/OCS does not provide CO sufficient visibility into the configuration history of the various environments. This observation is based on responses given during individual sessions with the senior CO contractors responsible for the engagement with OMCS. There have been instances when code has been pushed from UDEV to the FTS environment without CO's knowledge. CO does not have access to the SVN tool to do delta analysis on the code base. CO and OCS have initiated a joint effort to improve the overall configuration management process.

A.2 Change Management

With JIRA as CO's change management core, CO now has a robust method for defect and change request logging, tracking, assessment, prioritization, and management.

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While the level of data capture is highly detailed, there are still opportunities for extended reporting, specifically around the history of changes at the component and product level. However, CO is not currently analyzing or reporting data/information collected through JIRA to isolate a problem area (e.g. code modules which are frequently subject to “check-out”→”check-in” →”check-out” →”check-in” →etc., across multiple defects and also when defects move from “open”→”closed”→ “open”→”closed”, etc.)

OCS is performing some data analysis but is not providing CO with the results. Such data analysis would help CO identify areas of their system that need more attention and possibly, this information could possibly be used to enhance their resource management as well.

From CO’s demonstration of JIRA, it is clear that they are utilizing the tool astutely to improve their change management processes. However, in the demonstration, there was no mention of JIRA cases being referenced back to requirements or use cases to verify if the requested change to the code is within scope.

CO’s Change Control Board (CCB) meets weekly, at a minimum. It is recommended that there should be joint involvement from both the business stakeholders as well as IT to determine priority of the JIRA cases in order to meet the overall business needs.

CO has no visibility into the OCS change management environment. CO has no details on how OCS is managing their code base. OCS uses a source code version control tool, SVN for its code management, but CO does not have access to the SVN environment or full exposure to the changes being made. If CO had insight into the code management details, they could potentially better identify and understand the root causes for certain code issues. Without this insight, CO is completely dependent on OCS for the explanation of the issues. Moving forward, CO should consider taking control of the system engineering processes and tools.

A.3 Release Management

OCS is in charge of CO’s release management. CO stated that their release management process has improved since they brought a full-time release manager (provided by OCS) on-site to work more closely with the team. The release manager is responsible for scheduling and managing code migrations between the three environments – FTS, Pre-production, and Production.

There are two types of code migration, specifically releases and surgical, from one environment to another. The releases are planned large code migrations whereas surgical code pushes result from urgent JIRA cases related to isolated defects within an existing release. The environments are backed up on a daily basis.

CO’s release process has improved since the introduction of a formal release manager, however the software build process is still at an immature stage. The OCS code management and software build processes do not allow for version branching. As a result, there are frequent

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instances of code elements which in a build which should not have been included. OCS creates release notes for their releases but there was no indication that they create a release rollback plan. Because OCS, rather than CO, has full control of the release management process, CO is frequently in a position to choose between a moving a release to the next step, or following good release management processes.

One of CO's independent contractors (Tom McKiver) conducts weekly product and infrastructure release meetings. Oracle is sharing the release notes for migrations from Pre-prod to Prod and from FTS to Pre-prod. These activities have led to improvements in the release management process.

Despite the improvements in the release management process, the communications to the testing team regarding system availability and what is being deployed in each environment is still inconsistent. The daily tech sync meeting with OCS, IV&V, and the independent contractors, in part, includes discussions around the system environments and code migration plans. These daily meetings provide an opportunity to improve on the communications noted above.

CO is starting to see some improvements in the environment management process as well and, as a result, is seeing less environment related surprises.

A.4 Testing

A.4.1 IV&V and Quality Assurance

CO has a strong and knowledgeable IV&V team. The IV&V team is concerned with the instability of the testing environment and different system environmental configurations. It has been a challenge for them to test in the FTS environment which is configured differently than the pre-production environment. Therefore, some JIRA cases which pass testing in FTS could fail testing in the Pre-prod environment. The IV&V team emphasized the importance of having a separate TEST environment which would be utilized before code migrates to FTS. They reported that OCS testers often do not have enough time to perform robust testing. The current development and integration testing methodology does not allow for the sharing of developers' unit test results with the testing team. This can result in a lack of validation/revalidation of test cases and can cause unnecessary defect tickets.

Another issue reported is that there is a lack of communication on when code is migrated from one environment to another, in terms of what fixes are included in each code push. Repeatedly, the IV&V team has requested a variance report from Oracle. To date, they have not received it.

The IV&V team presented a concept for Continuous Integration (CI) and test automation and has developed a strategy to implement elements of this within the CO environment. The IV&V team also presented their recently developed automation toolset - primarily Selenium, Jenkins and integration with the Oracle Application Testing Suite (OATS). This toolset includes a real-time

dashboard that has hooks into most layers of the system and has the capability to target performance testing, user interface (UI) testing, custom code testing and web services testing. The tool was developed using open source components and coded in Java. As a result, it is very portable and could be easily shared with other states. The IV&V team is willing to give a demonstration of this tool to other states upon CMS's request. The IV&V team expressed a willingness to collaborate with OCS to develop an overall CI and test capability. The IV&V team stated that OCS has yet to demonstrate a willingness to fully collaborate on this effort.

A.4.2 Functional Testing

CO's integration testing team is well organized and structured. Testers are delegated specific roles and responsibilities across each of the major functional areas. The integration testing team meets daily to discuss the latest testing updates. The integration testing lead uses this opportunity to address any issues that prevent the team from resolving defects.

It appears that CO's integration testing team and the IV&V team are collaborating and cooperating in the testing activities. The integration testing lead attends the daily tech sync meetings. In addition to being able to update the team with what is coming next, the test lead also gains insight into the bigger picture of what other activities and efforts are occurring for an upcoming release.

The integration testing team is facing the same issues with OCS as is the IV&V team (refer to section A.4.1).

A.5 Performance and Load Testing

OCS provided a walkthrough of their performance testing report. The information presented by OCS demonstrated that OCS had been engaged in performance tuning rather than performance testing. CO was expecting to see evidence that the system could handle up to 10,000 concurrent users – a targeted performance requirement. The report did not provide CO with the specific performance metrics needed to plan for any necessary mitigation with respect to user volumes. CO has various hardware/software options (which were discussed during the workshop) to limit/throttle/divert traffic into the system. However, without the specific performance metrics, CO cannot move on a strategy.

During the IV&V's demonstration of their testing tool, they expressed a willingness to collaborate and cooperate with OCS to conduct performance and load testing. They have the required tools and skillsets in place to immediately start work on this testing effort. CO should consider making use of this resource.

A.6 Disaster Recovery and Continuity of Operations (COOP)

OMCS has implemented a full disaster recovery (DR) capability for both the data and the application tiers of the solution. In accordance with best practices, the DR solution is instantiated within a separate data center from the primary infrastructure location. The DR solution is configured to provide a Recovery Time Objective (RTO) of four hours and a Recovery Point Objective (RPO) of one hour.

As part of the OMCS contract, CO is entitled to two failover tests per year. Oracle has stated that they performed a failover test in September 2013; however, CO did not have a report from OMCS documenting the results of the test. OMCS stated that they do not currently have a failover test scheduled which they can share with CO. OMCS plans to resume DR/failover testing after the full public launch. At the writing of this report, the full launch remains unscheduled.

A.7 Architecture

CO demonstrated an awareness of the flaws and complexities present in the system architecture; however, actions need to be taken to remedy the situation. CO and its independent contractors indicated that the data model and other significant portions of the system architecture contain significant design weaknesses which will require major redesign or removal.

CO has a complex technical architecture. The solution is built entirely on Oracle technology components. In addition to using Oracle Enterprise Manager (OEM), CO also purchased a monitoring capability to monitor the Oracle Managed Cloud Service independent of OMCS. Discussions during the workshop reiterated that OCS is lacking in resources with expertise in Oracle Configuration Management (OCM), which has contributed to the delays experienced at the outset of the CO implementation.

One of the primary challenges with the CO solution is the management of the many sessions created by Siebel, Oracle Real Application Clusters (RAC), Service Oriented Architecture (SOA) and Web Center that consume a significant amount of CPU and memory. As a consequence, CO is concerned about the need for repeated rebooting of their system due to system performance issues. During the sessions, CO indicated that the code review conducted by CO in May 2013 revealed a number of issues (e.g. design, data modeling, coding practices, etc.) including wide spread memory leaks in the code base. CO indicated that their long-term strategy to mitigate memory leaks and other low level issues is to perform stringent code reviews. CO plans to conduct another code review in the near future to assess the impacts on the code base from the many surgical code pushes over the past several months. The CO architecture contractor and others on the CO team asserted, based on their independent review, that the CO data model and corresponding physical schema is highly flawed and needs significant attention.

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CO shared a proposed simplified solution of their OPA Interview (CS Web App) architecture to mitigate some of the issues in the application tier. CO stated that they have demonstrated the proof-of-concept to the business stakeholders who are optimistic about the solution. However, the architecture team is projecting approximately two to three months before any action can be taken since CO is focusing solely on the next release and subsequent releases to get the system to function at its optimal level and to meet CMS requirements.

CO does not have its own senior technical resources within the CO direct staff. Independent contractors are very knowledgeable staff extenders of the CO senior technical staff. These individuals have a great deal of responsibility, but do not have decision making authority. CO should consider taking full advantage of these resources as if they were “on staff” and engage them in detailed, authoritative technical discussions with OCS and OMCS.

A.8 Project Management

There is no evidence that CO has a formal, centralized project management office (PMO) function performing the necessary level of oversight and resource control across the full spectrum of the CO project. CO relies heavily on its contractors to complete the majority of the day-to-day task and while various individuals own such things as schedules and release plans, there is no single person identified to manage the overall project.

While CO does have an IT technical project manager with demonstrated ability to manage many of the moving parts, there is a clear need for a full-time dedicated overarching project manager. The benefit of such a person would be the ability to produce a fully integrated overall schedule for tracking progress against milestones. Currently, as stated by CO, such a schedule does not exist.

A.9 Development / Agile Process

Since September 2013, CO has been utilizing a home grown development process which is based upon agile methodologies. There are seven functional areas within the process, referred to as tables, with each table having a dedicated table lead (a mini project manager) and a dedicated business analyst. This process appears to be well orchestrated. Each morning there are daily “scrum” meetings for the different functional areas. While not rigidly adhering to the formal agile scrum format, these meetings serve a valuable purpose in providing a regular opportunity for various parties from a functional area to provide the latest updates on the progress across the outstanding major defects/issues. Information is communicated from the development teams to the other project teams using JIRA. JIRA is a tool used to store defect status and development resolutions/fixes.

Meeting Title: HOLD for meeting with Oregon
From: "Williams, Courtney J. (CMS/CCIIO)" <[REDACTED]@cms.hhs.gov>
Sent: 4/2/2014 3:27:44 PM +0000
To: KOLMER Sean P * GOV <KOLMER STATE EMAIL >
Location: [REDACTED]
Start Time: 4/3/2014 6:00:00 PM +0000
End Time: 4/3/2014 7:00:00 PM +0000
Is Recurring: false

Oregon will be joining us in DC (after testifying at tomorrow's hearing) to talk through where they see Cover Oregon going forward, how that progress will happen, and the ongoing work we'll be doing together.

I would like to make this a VTC with the DC, Baltimore, and Bethesda office, but that will require generous help from OA with logistics for a room in HHH. I am holding rooms in Ambassador Road and Bethesda offices for now.

Teresa, are you able to forward this to Sean and Greg on the OR team please?

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Teresa, are you able to forward this to Sean and Greg on the OR team please?

From: GOLDBERG Bruce <[REDACTED]@GOLDBERG STATE EMAIL>
Sent: 4/6/2014 2:59:59 PM +0000
To: KOLMER Sean P * GOV <[REDACTED]@KOLMER STATE EMAIL>
CC: GOLDBERG Bruce <ETS EXCHANGE/EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/RECIPIENTS/OR0149280bb1>; BONETTO Mike * GOV <[REDACTED]@BONETTO STATE EMAIL>; delaRosa Triz <[REDACTED]@coveroregon.com>
Subject: Re: During my absence.
Thanks

Bruce Goldberg, MD

On Apr 5, 2014, at 5:08 PM, "KOLMER Sean P * GOV" <[REDACTED]@KOLMER STATE EMAIL> wrote:

thx triz for the note. we had some conversation but not to the level of anxiety you are expressing here. What i heard was a general questions about direction and how we can partner moving forward. they want more clarity around timing around decisions etc so they know how to help and when we are thinking about.

I dont think Terrance was on the phone or the video conference.

On Apr 5, 2014, at 8:31 AM, "delaRosa Triz" <[REDACTED]@coveroregon.com> wrote:

It was a confidential discussion. I hope they shared their concerns.

Thanks!

Triz delaRosa | Chief Operating Officer | [Cover Oregon](#) | [REDACTED]

From: GOLDBERG Bruce <[REDACTED]@GOLDBERG STATE EMAIL>
Sent: Friday, April 04, 2014 4:29 PM
To: BONETTO Mike * GOV; KOLMER Sean P * GOV; delaRosa Triz
Subject: RE: During my absence.

Thanks Triz.
Copying Sean.
He met yesterday with CCIIO and CMS folks...see list below
Sean, did they bring this up??

Teresa Miller
Aryana Khalid, Tavenner chief of staff
Mandy Cohen (new acting director of CCIIO)

Jennifer Stolbach (SEG deputy)
Jessica Kahn (CMCS)
Kurt DelBene (IOS)
Kirk Grothe (OIS)
Donna Schmidt (OIS)
Anne Marie Costello

From: delaRosa Triz [REDACTED]@coveroregon.com]
Sent: Friday, April 04, 2014 4:17 PM
To: GOLDBERG Bruce; BONETTO Mike * GOV
Subject: During my absence.

Bruce and Mike,

You need to know that I received a call from our program team at CCIO yesterday following the testimony of Greg Van Pelt and Sean Kolmer to several committees. They inquired about what was going on in OR, why we sent non-Cover Oregon staff to present to the subcommittees of Economic Growth, Job Creation and Regulatory Affairs; and Energy Policy Health Care, and Entitlements of the U.S House of Representatives Oversight and Government Reform Committee and why these individuals didn't have a great understanding of CO and the grant administration.

I let them know that I was out on vacation and was unaware of the decisions which resulted in these individuals being selected to make this presentation. I heard in the questions their frustration and disappointment with the lack of clarity about what was taking place in OR.

Terence and others also expressed concerns about individuals within Cover Oregon changing positions and the apparent lack of understanding by the new staff about the grants and what funds could be used for in the future. Specifically they seem to be concerned about the decisions being made around the technology and the possibility of spending grant funds for things that we have already spent funds on....i.e. the possibility of paying for "something" twice.

The theme and tone of these conversations concern me because we have had a great relationship in the past with CCIO and our reputation and reliability is now being questioned.

Equally of concern is the discussion I had with Kevin Kelly last Thursday on the same issue.

When I met with Kevin and his team, there seemed to be limited understanding of what we could use grant funds to pay for in the future for a possible technology solution. I made it clear that when we are self sustaining in 2015, development will not be an issue. But, given the task at hand, CO would have to consider the grant requirements, not just the procurement process when considering the use of grant dollars to pay for ongoing development costs throughout the remainder of this year. I raise this as in the past I have had this conversation several times with Aaron and his team. It is not just the procurement process that we must consider as CO proceeds, the grant processes must be considered.

Given these two discussions, I was concerned enough to share with you the substance of these discussions as there are a lot of eyes on CO. I want you to be aware of the concerns being raised to me by staff and now CCIO.

I will be back in the office on Monday and will be happy to discuss further.

Best Regards,
Triz

GOV_HR00079497



I. Initial Request: Karen Mercer email, 1/23/2014

Per our discussion today, Thursday, January 23, 2014 we are asking that OR submit a corrective action plan (CAP) to ensure that the State has the necessary organizational capacity to affectively oversee the Information Systems development of a well-functioning Marketplace, including but not limited to the capabilities, to oversee and hold accountable large IT contracts. The CAP should (a) address, among other things, findings (based on OR self-assessment – for example findings from the IV&V vendor and the FFRDC report) and (b) should include recommendations, action steps, responsible party, start date, and end date. The CAP should be submitted to your State Officer with a copy to Susan Lumsden by COB 1/31/2014.

Corrective Action Plan (CAP): Step 1 – As of 1/31/2014

II. Overview and Findings / Recommendations

The CAP assessment is based primarily on two external evaluations from Maximus, the firm providing services related to: (1) Quality Assurance and, (2) Independent Verification and Validation Testing (IV&V). In addition, some assessments and recommendations are based on Cover Oregon (CO) self-assessment. The FFRDC report has not yet been provided to Cover Oregon, and so is not utilized within this initial report. Once the FFRDC is received, it will be incorporated into subsequent updates. Below are the assessments and recommendations from the sources identified above:

- **Cover Oregon Self-Assessment.** CO recognizes that the initial partial portal launch did not meet its primary business mission of providing an electronic means of enrolling individuals into health plans. Based on these gaps, CO worked to accomplish its mission by implementing the following recommendations:
 - **Hybrid process.** Develop and utilize a hybrid process that utilizes manual steps and the parts of the system that are working to provide a means for Oregon citizens to enroll in a health care plan effective for January 1, 2014 through the open enrollment period.
 - **Portal rollout.** Finalize and implement the electronic portal and release to the Oregon public.
- **Maximus Quality Assurance Assessment.** Based on its most recent report, there are several recommendations that CO is implementing to improve the quality of its service and delivery. The items identified for this CAP were all identified by Maximus as “red” (high risk) in its report:



- **Scope reduction.** Maximus recognizes that as Oracle continues to miss dates, that CO must further reduce scope and/or provide prioritizations. Also recognizes the need to prioritize scope to support hybrid enrollment activities.
 - **Patching technical environments.** Maximus recommends the need to patch and align development, testing, pre-production and production environments to provide efficiencies and better code migration. It also notes the inability for Oracle to effectively implement these upgrades in the time estimated.
 - **Alternatives analysis.** Maximus suggests that if the portal solution is found to not be viable, then migrating to another solution would require additional funding.
 - **Communications.** Maximus recommends continued outward communication of Oracle inability to meet its objectives and include communicating the growing positive stories from enrollees. Maximus has recognized an overworked CO Communications team responding to media requests.
 - **Project management.** This recommendation specifically targets the Oracle release management area that, historically, has been error prone and lacking in rigor. The turnover in the Oracle release manager position is noted and the Maximus recommendation is bringing on an experienced release manager along with CO being provided the Oracle release process. Maximus also supports the approach designed to support back end technology aimed at improving a hybrid enrollment process.
 - **Contract management.** Based on Oracle performance, it has been recommended by Maximus that the use of a “Cure” letter or contract renegotiation be employed to resolve the situation. Maximus recognizes and supports CO’s hiring of outside counsel to provide guidance.
 - **Product content.** Maximus recommends that Oracle provide a copy of its Web Center Code to CO (so far not provided by Oracle).
 - **Testing.** Maximus recommends that performance testing processes be improved to provide improved capability and a better understanding of system readiness.
- **Maximus IV&V: Security Testing and Audit.** Based on Maximus review, there are two recommended areas for security improvement:
 - **Conduct security control test review.** This includes interviews with Cover Oregon security team and verification and update of Security Procedure Review (SPR) document.
 - **Security process audit.** Perform an assessment of the hybrid application mailings to identify areas of improvement in the process to prevent future mis-mailings of personal information.



III. Recommendations, Action Steps, Responsible Party, etc.

Cover Oregon’s day-to-day activities fall into three primary areas, all aimed towards executing the CAP and providing Oregon citizens access to health care coverage. The CAP recommendations, action items, etc., will focus on three CO objectives and activities:

1. Hybrid eligibility and enrollment, which includes a combination of manual and systemic processes and tools to enroll individuals in health care plans
2. Final development of its technology portal towards full rollout and use by Oregon citizens
3. Operational and management activities that run the Cover Oregon business and manage various vendor contract obligations

1. Hybrid Eligibility and Enrollment

After the 10/1/2013 limited portal launch, CO focused on the best way to achieve its mission of enrolling individuals into health care plans that were effective beginning 1/1/2014. Based on this assessment and the condition of the electronic portal, in November 2013 CO decided to implement an enrollment process that was significantly manual combined with utilizing available and improving technology. The strategy was developed and executed by the Cover Oregon Executive Team as well as well as a cross-functional team that later became known as the Joint Command Center (JCC). This team meets daily to review expected targets, outcomes, improve processes and remove roadblocks. The activities included hiring ~ 400 temporary employees to work alongside Cover Oregon Customer Service and other vendor staff. The enrollment work schedule is 24x7 to meet enrollment objectives. The strategy implemented several actions:

- Creating an end-to-end hybrid eligibility and enrollment process
- Further expanding the public portal to provide applicants access to a fillable pdf application form
- Correcting and implementing the Oracle Policy Automation (OPA) electronic eligibility determination tool
- Manually creating and mailing eligibility notices and other plan selection materials to applicants
- Implementing an enrollment functionality on the public portal to allow applicants to either: (1) mail back their plan selection to Cover Oregon or (2) electronically select a plan for enrollment -- a quicker means than the manual mail process
- Retrieving the selected plans and manually entering the plans into the Seibel environment
- Manually creating enrollment information that is electronically sent to Carriers and Federal partners



The Hybrid enrollment strategy also modified the portal development process and schedule in the short run. The technology development direction shifted to a two stream approach. The approach focused on: (1) maintaining momentum on the full portal release, and (2) prioritizing technology releases that supported the Hybrid enrollment process. As part of the Hybrid approach, Maximus IV&V conducted a security review of the process to improve individual information mailing accuracy.

CO has processed more than 91,000 enrollments by January 31, 2014. This included more than 58,000 Oregon Health Plan enrollments (Medicaid/CHIP) and more than 33,000 Qualified Health Plan enrollments. CO continues supporting the hybrid enrollment process while coordinating development activities toward a full portal technology launch.

Summary

- **Recommendation:** Implement hybrid enrollment process
- **Action steps:** Modified operational and technology approaches, prioritized technology development to support hybrid process; developed hybrid strategy and action sub-steps (created hybrid processes, hired temporary staff, enhanced public portal, etc.); executed strategy; conducted mailing security evaluation
- **Responsible Party:** CO Executive Team and Oregon Health Authority (later known as JCC); also involved Cover Oregon employees, Oracle, Deloitte, Maximus and other contractors
- **Start/End Date:** Began November 2013, and is ongoing.

2. Technology Portal Rollout

While the hybrid enrollment process continues, beginning in January 2014, the focus on implementing the full technology portal sharpened. The release of the full portal to the public has been designated as Release R1.1 and is the responsibility of CO Executive Team. While standard project management practices are being deployed, the Maximus recommendation focused on Release Planning and Execution for improvement. The release planning includes planning, developing, testing migrating and executing on four primary areas:

Release Management

Release management begins with identifying the code and other capabilities needed to support the full portal rollout. This includes development and execution in four areas:

1. **Functional** -- Includes developing and releasing code in: account management, community partners and agents, eligibility, plan selection and enrollment, individual dashboard, tribal dashboard and financial management
2. **Technical** – Includes focus on implementing code upgrades and patching to support performance testing. This is necessary to ensure the technical environments are



capable of handling the expected customer load, has reasonable page to page navigation speed and confirming the capability to move large volume of code into a stable production environment.

3. **Interfaces** – Includes implementing the planned technical interfaces to support the R1.1 release.
4. **Security** – Includes confirming that appropriate security code is in place and that appropriate security testing has occurred. For example, Cover Oregon is utilizing the Maximus IV&V team to test security and has commissioned Oracle to conduct “ethical hacking” testing to attempt to access Cover Oregon data.

The release management process includes the following steps:

- **Planning.** As enrollments were being completed through the hybrid process, CO laid out its technical release roadmap for the full individual launch (R1.1). The roadmap development began in November 2013 and was finalized in early January 2014. The approach for achieving the roadmap was to focus on “blocker” items that prohibited R1.1 release.
- **Development.** As final R1.1 scope was being locked down, core scope was already moving forward. In addition, a development process change was instituted by CO on the Oracle development organization that improved quality and coordination. Through 10/1/2013, the Oracle development teams were organized by technical solution area, e.g., Siebel, Web Center, SOA, etc. To improve process coordination and code quality, a move was made to arrange the developers (along with CO business staff) by functional area (known as “tables”, e.g., account management, eligibility, etc). This change in organization and process showed immediate improvement in communication, coordination and ultimately code quality.
- **Code Migration.** This is an area of high concern as recommended by Maximus. There are two fundamental issues that need correcting: (1) implementing the necessary environments with the correct patching, and (2) improving the process of moving code between environments.
 - **Necessary technical environments.** During the initial 10/1/2013 migration, there were many errors that were exacerbated by the fact that all of the necessary technical environments were late in delivery and not available for use. Until December 2013, the code migrations moved from the Development environment to the Test environment directly into the Production environment. The Pre-Production environment that was expected to be a mirrored, high availability environment to the Production environment was not yet built. Migrating code directly from the Test environment (non-high availability) directly into Production (high availability) caused quality issues. Since that time, there has been an aggressive effort managed by CO for Oracle to deliver necessary patches to ensure that Pre-Production and Production were truly mirrored environments, a necessity for the R1.1 portal go live. The patching between Pre-Production and Production to complete the mirrored environments was finally finished in late January 2014. The Performance environment was also delivered



late, becoming available in December 2013. The Performance environment is key in providing a means of testing the code for quality and potential bottlenecks and inefficiencies. It is also critical in simulating key go live criteria around customer load testing (expect 10,000 concurrent users) and system navigation speed (expect sub 5 second response with 10,000 concurrent users). While Oracle has delivered limited performance testing since December 2013, the final performance testing results have not yet been delivered to CO. Oracle has committed to delivering the final reports by 1/31/2014. Note: Oracle has still not delivered contracted Development and Integration environments.

- Code migration. The second issue concerns the code migration process quality. This process has been poorly executed and has caused delays in testing and downstream execution. There has been turnover in the Oracle Production Manager role resulting in three different managers in the last few months. In addition to a new Production Manager, Oracle has brought in high ranking technical advisors to assist with the process and to institute better control. The process has improved but it has not yet been resolved. A recent move from the Testing environment to the Pre-Production environment was scheduled to take two days. The migration ended up taking a total of six days until the code was successfully migrated and the environment was working as designed. The poor quality migration process puts pressure on testing and other downstream activities further impacting CO's ability to confidently schedule dates for final go live.
- **Testing**. The quality of testing has improved significantly since 10/1/2013. Clear testing criteria have been established by CO business and the testing process now has a clear direction and process. There is also a clear path for code remediation for functionality that does not meet testing standards. However, testing scheduling has been difficult to predict and execute due to the poor quality and variability of the code migration process and technical environment stability.
- **Release Coordination**. A final area of importance to the release planning and execution is release coordination. While much of the release management process are technical tasks, there are many key stakeholders that are impacted by the code releases. CO has improved this process by working with key stakeholders to coordinate and communicate migration events. These stakeholders include:
 - Customer Service. They must be coordinated with as they are currently working in Production to support customers and as part of the hybrid enrollment process
 - Hybrid Enrollment Team. This team is working ~ 24x7 in a process that is dependent on the Production environment.
 - Training. It is key that training be highly involved to develop materials and training sessions to assist Customer Service and Community Partners and Agents with new functionality as it is released.
 - Community Partners and Agents. Both the CO Community Partners and Agent team and the Community Partner and Agent partners must be aware of and trained in expected releases to Production.



- Marketing and Communications. This team develops materials and other communication vehicles with internal and external stakeholders. They must be aware and involved in the release management process.
- Go Live Support Management. This team establishes and runs the incident management reporting and resolution process. During significant moves to Production they also establish a temporary go live support process to communicate and expedite information and technical issues throughout the organization.

Scope Prioritization

As noted by Maximus, CO has consistently been working to reduce scope to only the most critical functions. There is a scope management process that includes prioritizing scope to maximize development focus in the most important areas. As noted by Maximus, as dates are missed due to development, environment issues, or migration processes, it places additional stress on CO to reduce and prioritize scope. CO is committed to releasing its system when it meets functionality and quality standards versus compromising those standards to meet a specific date.

Summary

- **Recommendation:** Implement Technology Portal
- **Action steps:** Expanded CO strategy to focus on a R1.1 release; executed on locking down R1.1 scope; redesigned development process to become more focused and efficient; improved testing process to include business driven test outcome criteria; focused Oracle on establishing necessary Pre-Production and Performance environments; managed Oracle to improve release management rigor and quality though not complete; expanded and improved release coordination to include CO stakeholders; implemented scope prioritization process to mitigate late execution
- **Responsible Party(s):** CO Executive Team and Oregon Health Authority (later known as JCC); involved Cover Oregon employees, Oracle, Deloitte, Maximus and other contractors
- **Start/End Date:** Began R1.1 development push November 2013; portal go live date is currently scheduled for release to Community Partners and Agents on 2/17/2014; scheduled for release to Oregon public on 2/24/2014

3. Operational and Management Activities

As recommended by Maximus, there are three aspects of the CO operational and management activities that should be considered and/or corrected through execution of the CAP. These include:



- **Alternatives Analysis.** Maximus recommends that, if the portal implementation is not viable, that CO ask for additional Federal funds to implement a different technology solution.
- **Communications.** Maximus has recommended continued communication of Oracle’s failure to meet expectations along with increased communication around positive enrollment stories.
- **Contract Management.** Maximus has recommended a “cure letter” or contract renegotiation to resolve poor Oracle delivery. Maximus agreed with the approach of CO use of outside counsel to guide CO.

Alternatives Analysis

Cover Oregon has begun to review additional technology solutions as due diligence toward considering a change if the CO portal cannot be implemented by the end of 2014 open enrollment. At this time, the portal is scheduled to be released to the Oregon public before the end of open enrollment.

Communications

As appropriate, CO has communicated its position on Oracle delivery concerns directly to Oracle executives. CO has also actively promoted positive stories regarding people’s experiences with obtaining health care coverage. Those stories have been picked up by various print and radio media.

Contract Management

Cover Oregon has retained outside counsel to guide in contract matters related to Oracle. At this time, CO is considering the direction that will be taken to resolve Oracle lack of delivery and contract issues.

Summary

- **Recommendation:** Take action on funding, communications and contract management issues.
- **Action steps:** CO has begun reviewing alternative solutions and have discussed funding options should an alternative solution be necessary; CO has continued communicating delivery issues with Oracle and has promoted positive health care coverage experiences; CO has contracted outside counsel to guide in Oracle contract matters
- **Responsible Party(s):** CO Executive Team
- **Start/End Date:** These activities began shortly after the 10/1/2013 go live date; end date is ongoing



IV. Summary / Close

As directed by CCIO, Cover Oregon is submitting its initial CAP to Susan Lumsden by 1/31/2014. Per the CAP instructions, the findings are based on three inputs: (1) Maximus Quality Assurance Report, (2) Maximus IV&V Report, and (3) Cover Oregon Self-Assessment. The recommendations, action steps, responsible parties and start/end dates that respond to the three inputs are discussed within three key CO objectives and activities: Hybrid eligibility and enrollment, the technology portal rollout and day-to-day operational and management activities. A summary for these areas is provided at the end of each section. Finally, a graphical summary of progress against the findings is presented below. Please note that the FFRDC was not provided at the time of this response but its input will be provided in future CAP updates.

Corrective Action Plan: January 31, 2014				
Gaps / Recommendations	Corrective Activities			Comments
	Hybrid Enrollment	Portal Rollout	Operations / Mgmt. Activities	
Cover Oregon Self-Assessment				
Develop hybrid enrollment				The hybrid enrollment process has been implemented and is integrated into the Portal Rollout processes and schedule.
Implement technology portal				The portal rollout is currently scheduled to go live prior to the end of open enrollment.
Maximus Quality Assurance Assessment				
Scope Reduction				Scope reduction and prioritization has been a key process in the hybrid enrollment and portal rollout objectives. Some of this was forced to due Oracle non-delivery.
Environment Patching				Technical environments were delivered late by Oracle which delayed the schedule and impacted quality on both the hybrid enrollment and portal rollout. Current environments are trending positive.
Alternatives Analysis				CO has begun reviewing alternative solutions. CO is considering additional funding if necessary.
Communications				Communications has consistently communicated concerns regarding Oracle delivery issues throughout the hybrid enrollment and portal delivery. It has also passed on positive health care coverage messages.
Contract Management				CO has retained outside counsel to guide through any activities regarding Oracle non delivery.
Project Management				The target area was Oracle release management. Changes have been made and other processes established. But, the improvements are not yet complete or satisfactory.
Product Content				Maximus did conduct a security review of the hybrid enrollment process; so far, Oracle has not complied with the request to provide CO its Web Center code.
Testing				Performance testing was just beginning during the initial hybrid enrollment process; more recently, it has gained momentum in preparation for the portal deployment; it has not yet been completed.
Maximus IV&V Assessment				
Security Control Tests				Maximus has reported that it conducted the security control testing scheduled for this phase of the project.
Hybrid Enrollment mailing security review				Maximus completed the hybrid enrollment mailing security review.

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Centers for Medicare & Medicaid Services



**Centers for Medicare & Medicaid Services
Office of Information Services
Consumer Information and
Insurance Systems Group**

**Technical Assistance Report For:
Oregon Health Insurance Marketplace**



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Version 1.0

February 27, 2014

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1. Introduction

1.1 Background

To implement the provisions of the Patient Protection and Affordable Care Act (PPACA), the state of Oregon is creating the Oregon Health Exchange, a new State-based Marketplace. The Oregon Health Marketplace is independently operated by Cover Oregon (CO) and is to act as the common front door that citizens use to gain access to affordable health insurance and Medicaid based on Modified Adjusted Gross Income (MAGI). The Oregon Health Authority (OHA) administers the State's Medicaid Program. To implement the information technology (IT) system that supports the Marketplace, Oregon was awarded an Early Innovator Grant from the Centers for Medicare and Medicaid Services (CMS). Oregon chose to act as its own system integrator and partnered with Oracle to develop their solution in June 2011.

1.2 ACA Implementation in Oregon

ACA requires that States implementing a Marketplace first determine eligibility for Medicaid or CHIP based on current Modified Adjusted Gross Income (MAGI). If the applicant is ineligible for Medicaid or CHIP, the State must then determine eligibility for subsidized coverage (also known as an Advance Premium Tax Credit – APTC) before offering unsubsidized coverage through a process that allows the applicant to compare plans and select the one they prefer.

CO has chosen to build a single web-based portal that will make eligibility determinations and allow citizens to shop for plans. Applicants considered eligible for Medicaid or CHIP are enrolled through Oregon's Medicaid Management Information Systems (MMIS). Applicants eligible for subsidized coverage and those who want to purchase unsubsidized plans are enrolled in plans through the Health Insurance Marketplace.

In addition to determining program eligibility and supporting enrollment, the Marketplace offers key functions such as plan management, financial management, Small Business Health Options Program (SHOP), customer service, and outreach and reporting.

1.3 CO HIX Implementation Issues

Oregon's Marketplace solution consists of a suite of mostly Oracle, commercial off-the-shelf software. Throughout the project, there have been challenges in that Oregon has continued to be behind schedule with the delivery of artifacts, demonstrating key functionality and meeting CMS testing timelines.

Prior to October 1, 2013, CO, realizing that full functionality would not be ready, started focusing on implementing a Day 1 contingency plan which consisted of full functionality via an "internal portal" for community partners and agents. Through a public facing external website

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individuals can complete anonymous browsing of plans and locate a community partner/agent for further assistance. Individuals contact the community partner/agent and the community partner/agent completes the application with the individual, via the internal portal. However, throughout the month of October, the internal portal available to community partners/agents suffered issues as well and eventually the functionality was scaled back so that only paper applications were accepted and routed to customer service representatives (CSR) to enter application data into the back office Siebel system. Additional functionality to determine eligibility was launched in early November for the internal portal only. Because of the huge manual processes, additional CSR staff was brought in to support the manual processes. Also, the Oregon Health Authority (OHA) provided staff to assist with this process.

CO has set target dates for a full launch in October, November, December, and January, but has missed these dates due to unresolved critical defects, performance issues in the various environments and incomplete deliverables such as additional infrastructure environments, performance tuning and performance testing results.

1.4 Scope of Work

CMS has requested IT and systems engineering assistance from its partnership with The MITRE Corporation through the CMS Alliance to Modernize Healthcare (CAMH) Federally Funded Research and Development Center (FFRDC). MITRE has had substantive knowledge and understanding of the CO's systems development life cycle. Additionally, MITRE has also provided technical guidance and assistance through its engagement with CO in supporting and assessing various stages of development through gate reviews.

The goal for the FRRDC technical assistance effort was for MITRE to provide technical expertise and advice to CO regarding the technical design and development work being performed by CO's systems developer, Oracle.

This work consisted of the following activities:

1. Review of known technical defects, issues and weaknesses within the implemented solution stack.
2. Evaluate existing technical artifacts specifically focused on the use of Oracle OPA, Web Center and Siebel. Artifacts to be reviewed included the Marketplace System Design Document, ICDs, Database Design documents, and any relevant detailed design documents.
3. Collaborate with both CO, and the development team to understand the context in which design decisions are being made, and the constraints of their Marketplace solution.
4. Make recommendations (based on analysis) to CO regarding approaches to resolving technical problems and risks related to the design.

1.5 Purpose of This Document

This document provides the findings and recommendations from the CMS State Engagement (SE) Team's review and assessment of the CO HIX System. The SE team consisted of representation from CCHIO, OIS and MITRE. This document contains the approach used for capturing observations based on inputs from the CO stakeholders and provides suggested actions to CO on how to improve specific areas of the system engineering solution.

CO remains responsible for the disposition of recommendations herein - IT direction, decisions and funding - in working collaboration with CMS.

1.6 Approach

The CMS SE Team executed a methodology utilized with other states who have recently requested detailed technical assistance. This methodology is based on a series of workshops and interviews designed to facilitate the collection of information from specific stakeholders in the targeted topic areas. The CMS SE team captured observations during meetings which occurred January 13 – 16, 2014. The CMS SE team collaborated with CO to compose an agenda for the four-day technical assistance (TA) series of sessions and demonstrations around the topic areas specified by CMS/MITRE. The following core topics in the agenda were:

- IV&V Observations and IV&V Tool Demonstration
- Infrastructure
- Change Management/Configuration Management/Environment Management
- Testing Methodology
- Software Development Methodology
- Release Planning and Management
- Daily Scrum Meetings (Eligibility & Enrollment and Plan Selection)
- Performance Test Report Review
- Architecture Review
- System Demonstration
- Disaster Recovery and Continuity of Operations Plan (COOP)

The CMS SE team participated in various types of engagement with CO:

- Workshop style sessions with Subject Matter Experts (SME)
- 1:1 meetings with specific individuals as needed (usually as a result of specific items being identified in the workshop sessions)
- Attending standing CO project meetings

During the engagement sessions, the CMS SE team had the flexibility to probe and to conduct in-depth conversations with the participants.

Each session was conducted in an open and collaborative atmosphere. The non-CMS SE participants were technical individuals from the CO IV&V team, various representatives from Oracle Consulting Services (OCS), CO independent contractors, and CO management. The meeting participants were encouraged to be forthright and forthcoming. The main focus of each meeting was on collecting and verifying information and not on casting blame for the current state of Oregon's Marketplace solution. Participants demonstrated significant commitment, respect, and recognition related to the fluid nature of the session agendas and support for the ad hoc discussions that evolved.

2. Concerns Identified Prior to the Assessment

During initial level-setting discussions prior to the assessment, the CMS SE Team expressed several concerns. Broadly speaking, these concerns involved the stability of CO's solution, system performance, changes of projected dates for delivering full functionality, and overall management of the project. The following subsections present a brief list of composite topics identified by the CMS SE Team.

2.1 Project Management

- There are limited resources dedicated to the Project Management Office (PMO) functions. The primary focus is on the IT build and little attention is given to other areas such as communication and training which is essential when implementing a system of this scope. Other key roles and responsibilities found in a traditional PMO appear to be lacking.
- The schedule is deficient in that it lacks high-level and/or low-level details highlighting overall project activities other than IT.
- There is no detailed implementation plan for each release.
- There is a lack of transparency in the CO's project management. The delivery of outstanding artifacts to CMS is and has not been a CO priority.

2.2 Contract Management

- There have been challenges with CO being able to hold Oracle accountable for needed deliverables by key dates.
- There is no visibility by CO into OCS' activities. Therefore, there is a substantial dependency on OCS for almost everything that is time sensitive (e.g. schedule, fixes, releases, etc.).
- There are collaboration and communication issues between CO and the OCS.

2.3 Software Management

- CO uses JIRA, an Atlassian issue tracking product, to capture, track and report on all defects and change requests which appears to meet the needs of Cover Oregon. However, there are concerns with Cover Oregon's overall processes for managing defects and change requests due to the reoccurrence of previously corrected defects in higher level environments. There is no sign of a robust release management process. Each migration of code to a new environment is often followed with downtime due to release issues.
- Configuration management is difficult and complex as Siebel has no code branching (revision control) capabilities. If there are any problems with a build installation, the system cannot be restored to the previous state in an efficient manner for Siebel.

2.4 System Environments

- The CO solution stack is comprised of almost every single component/product in the Oracle product portfolio. While there are other State Based Marketplaces utilizing elements of the Oracle product portfolio, CO has, without doubt, the most complex mix. As such, there are myriad Oracle technical resources required to maintain and support the system.
- With respect to system performance, load, sustainability and functional (end to end) testing, OCS, to date, has not provided CO with a comprehensive suite of test results/reports.
- With respect to the CO production environment, OMCS has provided very little insight into their disaster recovery and continuity of operations test plan. To date, OCS has not provided any corresponding results from DR testing.
- The system environments are not stable and are affecting testing, development and activities.
- There is no true development or true test integration environments for developers and testers to properly test their code and test cases respectively. This creates an issue with untested code being introduced into the production environment; without first being migrated through the UDEV/FTS/Pre-Prod environments.

3. Findings

This section contains the basic findings from the CMS SE Team technical assistance review of January 13 – 16, 2014. Observation details used to support the findings listed in this section are found in appendix A. At the time of this review, the CMS SE Team learned that CO had implemented and improved some key processes within the past three months and that they were targeting to implement Release 1.1 by February 1, 2014. Even with the improvements implemented over the past three months, these findings still remain. The following sections summarize the key areas:

3.1 Project Management

3.1.1 Project Management Team

CO has staffed an IT project management team, but there is no overarching dedicated Project Manager who should be responsible for overseeing the project to drive overall project activities and keep everyone on track with targeted deliverables. Without a dedicated Project Manager in place, while the IT PM team is able to produce a very high level schedule of key targeted dates for the system, there is no integrated project schedule (or master project schedule) with key dependencies and milestones (consisting of critical IT and non-IT milestones) of all of the teams and stakeholders needed to roll out a release. Also, without a dedicated Project Manager, there is no obvious person within the organization responsible to ensure that all OCS deliverables and activities are performed according to the contract terms (further detailed in section 3.2). Without a dedicated Project Manager there is little, or no, ability to escalate schedule and scope deviations of development, testing, releases, etc. to the CO leadership team.

3.1.2 Project Management Tools

Daily technical sync meetings occur between CO and OCS to go over the status of key areas such as critical JIRA cases, system environment configuration updates, and testing. CO uses standard Microsoft Office tools such as PowerPoint, and Excel to track action items and/or issues. However, CO is not employing Microsoft Project (or any other mainstream project management tool) in order to track schedule, etc. As such, the overall project tracking process is cumbersome and difficult for data analysis or to trace any history of updates.

3.2 Contract/Vendor Management

There is no evidence that CO has established good contract administration processes, or that OCS' activities are being closely monitored to make sure that they are fulfilling the requirements of the contract. This, in conjunction with the findings in section 3.1.1, speaks to a significant portion of the root cause for the delay in the CO solution.

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CO has limited visibility into OCS' activities and it appears that there is not a clear understanding between Cover Oregon and OCS as to what the expected deliverables are. An example of this is the misunderstanding on the performance testing task. CO was expecting performance testing results and OCS was working on a performance tuning report.

There is a substantial dependency on OCS for time sensitive deliverables (e.g. schedule, fixes, releases, etc.). However, it appears that CO does not have any leverage in their contract to make OCS accountable for missing key deliverables.

There is a prominent presence of OCS staff onsite. Moreover, there is a significant number of OCS developers dedicated to each of the functional areas of the overall development effort. It is suggested that there may be a lack of appropriate skillset involved in the makeup of the development teams (a possible example of throwing bodies rather than skillset at a problem).

With this significant footprint of onsite developers, the related expenses associated with accommodating onsite gives rise to the increase in the projected burn rate, it is suggested that this approach may not be cost effective as this will impact the availability of funding to complete development of additional functionality needed for the open enrollment period in 2015.

3.3 System Environments

During the on-site visit, it was noted that CO recognized that a number of testing and subsequent production issues have been born out of inconsistent configuration management across the various system environments. CO had initiated an effort to synchronize the configuration content of the test, performance and pre-prod environments. A subsequent effort would also synchronize the production environment configuration. However, there is still a need for additional environments: true development and true integration test. Not having these separate environments affects the developers and testers abilities to conduct thorough and consistent testing across the suite of environments.

During interviews with CO staff, it was stated by the senior CO contractors that the production system experiences memory and performance issues at least once a day which affects the productivity of users. The fix for this problem is to reboot the system which further interrupts the availability of the system. Ideally, the system environment should be up 24/7 with periodic scheduled maintenance windows.

There is a lack of communication regarding system availability which has a negative effect on testers' ability to test cleanly and efficiently with respect to knowing when the system is available to them for testing purposes. There was no evidence that OCS has provided a copy of any variance reports which will help testers to identify the changes in a release that need to be tested. CO testers have requested these reports, but as of the writing of this report, have not received them.

During the review, a demonstration of system functionality was provided. During the demonstration, there were noticeable delays in the calls to the Federal Data Hub Services and the navigation through Plan Selection.

3.4 Software Management

The tracking of configuration management history is an industry standard and best practice with respect to monitoring and tracking changes of a system. It is not known whether or not OCS is following these standards. However, CO does not have visibility into the configuration management history of their system environments. While OCS does utilize SVN for code management, there is no formal tool in place for system build configuration management. Without this insight into the environments, CO faces challenges in being able to manage their own system and/or bringing other vendors on board if a future decision to terminate the OCS contract is made.

The functional team leads (the “mini project managers” from each of the OCS developments teams) daily agile scrum meetings were initiated in mid-October, 2013 and were continuing to take place during the on-site visit. The scrum meetings consist of a review of open JIRA cases with the OCS developers and the business analysts/testers. The scrum meetings have helped CO’s ability to communicate with the developers, but CO could benefit from having a trained scrum master familiar with true agile scrum processes.

CO is facing challenges with any release that includes Siebel changes. Siebel has no code branching (revision control) capabilities. If there are any problems with a build installation, the system cannot be restored to the previous state in an efficient manner. Rather, the Siebel environment has to be re-built and deployed to the previous version which, in its own right, has not been seen to operate in a consistent manner.

As reported by CO, the OCS staff is using a software version control tool, Subversion (SVN), to analyze changes in the various software versions. However, CO does not have available to them the analysis report nor access to the tool to create its own change analysis reports. While CO has requested these reports from OCS, they have not been produced. This issue speaks to further concerns around contract and vendor management (section 3.2).

With the provision of an on-site release manager, CO has been able to get visibility into the OCS release management plan. The release manager gains knowledge of all of the JIRA case updates and system configuration activities via the daily tech sync meetings. Also, there is evidence that OCS is sharing the release notes with CO. This is unquestionably a positive action.

3.5 Testing

The testing team has a standard set of 23 scenarios used for regression testing. These test scenarios do not appear to be sufficient to adequately conduct regression testing for the Marketplace system.

There is no evidence that formal processes such as the writing of test cases and/or scripts and mapping these test cases to use cases and requirements are being followed. This was evident from the demonstration of how JIRA cases are recorded with no references to use cases or requirements.

3.6 Additional Items

The following additional issues are also of note:

Dependency on OCS resources – there is a significant dependency on OCS’ staff members; many of whom do not have extensive knowledge and experience in a formal software development life cycle. The lack of any formal SDLC has had a significant contribution to the root cause of the delay in the delivery of the CO solution.

Onsite technical resources – CO has two technical contractors (contracted by CO directly) onsite who are knowledgeable in Oracle and Siebel products. However, CO faces challenges with recruiting geographically local experienced IT staff.

Funding Issues – In missing the October 1, 2013 full launch, CO is burning their funding rapidly with the addition of staff hired to assist with the manual processes and has not planned anything beyond the full individual launch Release 1.1. CO communicated that funding additional tasks (e.g. a re-architecture effort) will be financially challenging for the state; however, CMS is committed to working with States to ensure that individuals get health insurance coverage which may include additional funding for IT development.

4. Suggested Actions for Consideration

From interviews with the CO team, improvements in various areas around system development practices and infrastructure environment configuration management for the Oregon Health Insurance Marketplace have been made since the ORR (September 12 & 13, 2013). Oracle has made progress in several systems engineering areas as evidenced by recent releases being delivered on time, and a stabilization of the system which has allowed CO to provide successful demonstrations of full functionality to stakeholders. However, there are still significant performance issues with the system such that, while the core functionality exists, the end user experience would be significantly diminished. Engaging in these improvements, while clearly showing progress, were not begun soon enough in the overall program timeline.

Based on the observations from the week of engagement, and based on prior knowledge of the CO program, the CMS SE Team suggests CO consider the following actions to address the known issues with the CO Marketplace solution and to aid in being able to move forward with a full launch of functionality and to respond to required changes in the system to support the mandates of the PPACA program. If CO is interested in implementing any of the suggestions herein - IT direction, decisions and funding – CMS is poised to provide technical assistance as necessary to effectuate the change.

4.1 Configuration Management

- *Create an environment product map*
As part of the environment sync effort, CO should ensure that OCS provides and maintains an environment product map for each discrete environment. It is highly recommended, and consistent with industry best practices, to track the product versions installed in each environment.
- *Transfer configuration management responsibility*
CO should consider taking ownership from OCS of the overall configuration management process and execution. This will give CO a better perception and comprehension of what is configured and will assist in more accurate program timeline estimates.
- *Request configuration report of system environments*
CO should request from Oracle, configuration reports for each of the system environments. This information is crucial for CO to troubleshoot environmental issues especially in the production environment which cannot afford to have unplanned system downtime.

4.2 Change Management

- *Analyze data and utilize it to isolate problem areas*
CO should acquire and/or develop additional data analysis reports on various aspects of the system and understand their subsequent usage. JIRA is one source of information that can be

utilized to identify problem areas. By utilizing the available information in JIRA, problem areas can be better isolated. IT releases can be prioritized, and resources can be enhanced.

- *Conduct a detailed analysis into the existing OCS change management process*
CO should perform a detailed analysis of the current OCS change management process and determine the steps necessary to institute a single, streamlined process to improve the control and management of the overall change management function.
- *Transparency into the OCS SVN environment*
OCS should provide CO access to the SVN environment. At a minimum, OCS should provide CO with detailed reports specific to code management.

4.3 Release Management

- *Continue to improve the release management process*
CO should be more involved in Oracle's release management process. This is especially important when OCS revises the process to align with CO's expectations.
- *Add a step to the release management process to create a rollback plan*
As mentioned in section 2.3, the OCS code versioning does not allow for branching and as a result some unwanted code elements are included in certain software builds. Therefore, it is suggested that OCS provides a rollback plan for every release so the system can be restored to the previous state in an efficient manner.
- *Take control of direct process execution*
It is suggested that if CO were directing the process execution, inconsistent migrations of code updates can be minimized (e.g. moving from FTS into Prod without first going through Pre-Prod).

4.4 Testing

The recommendations in this section are for both the IV&V testing and integration testing teams.

- *Improve inter-team testing information sharing*
As part of the overall development and testing methodology, CO should institute the ability for the test teams to gain access to the developer unit test results. This may reside within the data in the JIRA environment.
- *Communicate timelines and availability of environments that affect testing*
The CO testing teams would be more effective if they were fully informed of system availability and build deployment schedules. Information about environment availability and timelines for testing should be shared between the infrastructure and testing teams.
- *Request that OCS share specific information with the IV&V contractor*
To enable accurate IV&V assessments, CO should request that OCS share variance and other reports with the IV&V contractor on a regular basis.

4.5 Performance and Load Testing

- *Develop a performance testing strategy*
CO should immediately work with Oracle on a performance testing strategy. This should include the short-term goal of assessing the break point (in terms of concurrent users) of the solution. CO should initiate discussions with Oracle on performance testing and identify options/recommendations for improvement. CO should review the current contract with Oracle to make sure that there is a clear understanding of what is expected for the various deliverables from Oracle.
- *Enable Oracle and the CO IV&V team to collaborate and cooperate on testing*
CO leadership should open discussions with the CO IV&V team and Oracle to jointly execute the required load and performance tests.

4.6 Disaster Recovery and Continuity of Operations Plan (COOP)

- *Obtain failover test results and establish a failover test schedule*
CO should obtain from OMCS the results from the failover test performed in September 2013. In accordance with the OMCS contract, CO should require OMCS to establish a failover test schedule and plan with the first test occurring within the first two weeks after full production operation is implemented.

4.7 Architecture

- *Optimize system architecture*
Based on the team's observations, the CO architecture and data model deserve significant review and re-work. CO should perform an in-depth analysis of the current architecture to identify opportunities for reducing complexity. After this is completed, CO should endeavor to simplify and streamline the architecture by reducing the Oracle product footprint, reducing the number of integration points, and simplifying the overall structure and deployment without inhibiting the overall functionality of the system.
- *Transition and ownership of the system architecture from OCS*
CO should transition control and ownership of the system architecture away from OCS. This will allow CO to more easily consider alternative solutions and mitigate resource turnover. This could be achieved by hiring a system architect or by further engaging the current independent technical contractors (i.e. Tom McIvor, and Garrett Reynolds) currently working with CO.

4.8 Project Management

- *Consider establishing a formal, centralized program management office (PMO) and a dedicated Project Manager*
CO would reap significant benefit from having a formal, centralized PMO to oversee the Exchange program management responsibilities. In addition, establishing an overarching and dedicated project manager (a role not currently in place) who would perform every aspect of project management, e.g., maintaining an integrated program schedule, ensuring artifacts/documentation are up to date, necessary communication/coordination is occurring among program stakeholders, etc. The PMO and project manager would be primarily concerned with ensuring all interdependent tasks can be performed in parallel in order to meet the schedule timelines.
- *Transition of program roles and responsibilities*
Due to the history of issues with OCS' performance and transparency¹, reinforced by observations during the TA workshops, CO should examine other roles and responsibilities held by OCS and consider transitioning some or all of them to CO resources, or other technology partners. CO should take steps to assume overall control of project and development activities from OCS, including the managing of the CO project timeline and its implementation. As with the system architecture responsibilities, CO should develop an internal transition plan for targeted roles and responsibilities held by OCS and begin efforts to identify and acquire development and other resources that report directly to CO.
- *Adopt a project management tool with more functionality to track action items/issues*
As noted in section 3.1.2, CO is using standard Microsoft tools such as PowerPoint and Excel to track action items and issues. CO would benefit from adopting a tool with additional functionality to give them the capability to track history of action items and/or issues.

4.9 Development / Agile Process

- *Engage a formal agile development methodology*
As CO obtains greater control over the development resources and project management, CO should consider embracing an agile methodology in a more formal manner. This could be achieved in part by having one or more resources formally trained as a Scrum Master to plan and facilitate the daily scrum meetings. Subsequently, engaging in formal agile methodology training for others on the CO team would instill more discipline to the overall process and would help mature the home grown processes currently in place.

¹ In addition to issues previously reported by CO, the CMS State Engagement Team has observed this pattern of behavior from OCS on prior Lifecycle Consult engagements with CO. These observations are not included in this Technical Assistance report but are referenced in support of the suggested action.

4.10 Additional Items

In addition to the core areas suggested for consideration, the CMS SE team also suggests the following actions:

- *Modify roles and responsibilities of independent contractors*
Giving more decision authority to independent contractors (i.e. Tom McIvor and Garrett Reynolds), would assist CO in progressing faster in their IT development and solution.
- *Examine the long-term future of the Cover Oregon Marketplace implementation*
CO should examine the long-term future of the Marketplace implementation in terms of cost and the necessary skillsets for overall program management and operations. This will help CO prioritize their list of necessary actions in terms of resource management and improving their system architecture; along with maturing the long-term plan for supporting the system in terms of funding, people, tools, processes, etc.
- *Begin forming a transition plan*
CO has already initiated a transition plan to replace OCS. It is highly recommended to further identify a more appropriate technology partner(s) for specific program roles and responsibilities
- *Share information needed prior to meeting*
CO should impress upon the contractors a behavior of sharing information in a timely manner with the tech sync meeting facilitator/administrator. This will ensure all the latest issues that are blocking progress are discussed in the meeting and obtain commitment for improvement from the right individuals.
- *Establish a single facilitator to lead the daily tech sync meeting*
It was not clear who was the facilitator in the daily tech sync meetings. Due to the dynamic nature of the participants present in the meeting, a formal facilitator is needed to bring control and discipline to the meeting. If the facilitator is in a remote location, a designee who can be physically present in the meeting should be appointed.

Acronyms

CAMH	CMS Alliance to Modernize Healthcare
CCB	Change Control Board
CI	Continuous Integration
CMS	Centers for Medicare & Medicaid Services
CO	Cover Oregon
COOP	Continuity of Operations
DR	Disaster Recovery
FFRDC	Federally Funded Research and Development Center
HHS	Department of Health and Human Services
IT	Information Technology
IV&V	Independent Verification and Validation
OATS	Oracle Application Testing Suite
OCM	Oracle Configuration Management
OCS	Oracle Consulting Services
OEM	Oracle Enterprise Manager
OMCS	Oracle Managed Cloud Services
OPA	Oracle Policy Automation
PMO	Program Management Office
RAC	Real Application Cluster
RPO	Recovery Point Objective
RTO	Recovery Time Objective
SI	System Integrator
SDLC	Software Development Life Cycle
SME	Subject Matter Expert
SOA	Service Oriented Architecture
SVN	Apache Subversion
TA	Technical Assistance

Appendix A. Observations during Assessment

This section contains observations captured during the CMS SE Team technical assistance review conducted on January 13 – 16, 2014. These observations were used to support the findings and suggested actions for consideration listed in sections 3.0 and 4.0 of this document.

Significant transparency issues exist between CO and OCS and it appears to be a contract management issue. Examples of this are:

1. There are instances (e.g., performance testing) where CO has a significant gap in their work expectation from OCS vs. the actual work OCS is performing.
2. OCS did not present any evidence to demonstrate that they are managing the scope of functionality in their releases.
3. When asked to present or report on the progress of various deliverables and activities, OCS indicated to CO that this is not within the scope of their contracts.

CO demonstrated a significant lack of confidence in OCS' performance based on a variety of evidence, i.e.:

- An overall lack of timeliness and quality with regards to solution delivery
- The clear and obvious lack of transparency
- The lack of cooperation with other contractors (e.g. the IV&V contractor)
- The associated financial burdens which have been placed on the program.

A.1 Configuration Management

A.1.1 System Environment

CO conducts weekly operational meetings with Oracle Managed Cloud Services (OMCS) where software and infrastructure configuration management decisions are made regarding the patches and products that will be released into the various environments. CO currently has six system environments that are maintained by OMCS:

- UDEV – Used for development and unit testing.
- FTS - Used for functional, integration and IV&V testing.
- Pre-Prod – This environment is a mirror of the production environment and is used for regression testing of code prior to migrating code to production.
- PERF – Used for performance testing.
- Prod – This is the production environment.
- DR – Used for disaster recovery and is a mirror of Prod.

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Two additional environments are planned for the future: one will serve as a true development environment and the other a true testing environment. Currently, the FTS environment is being shared between the testing teams for functional, integration and IV&V testing. Typically, these environments are separate. As a result, the testers are facing challenges to test their test cases successfully because the various testing activities interfere with each other. The issue could be code or environmental issues where developers promote code changes to the same environment while testing activities are in progress.

In November 2013, CO added a pre-production system environment (Pre-Prod) which mirrors the existing production environment. The utilization of this environment allows CO to perform regression testing prior to migrating code to Production, to minimize the number of unanticipated and unforeseen production issues.

During the onsite visit, the environment configurations (component and product versions) for FTS, PERF and the Pre-Prod environments were not in sync; however, CO communicated plans to sync these environments by January 18, 2014. The production environment would be included in the configuration sync plan by January 27, 2014. (Confirmation on the syncing of these environments was provided on February 3, 2014.)

A.1.2 Software Migration

Prior to September 2013, OCS was in a mode of delivering large code drops into the test environment with little notice or information for the test teams to work with. Once the test teams were able to test, the number of new defects identified was growing faster than the number of defects cleared. This resulted in the number of defects in new or open statuses continuing to rise rather than decline.

Post September 2013, CO/OCS adopted a more iterative methodology such that there was more frequent code migration process from UDEV to the FTS environment. With smaller changes in content and function between drops, this reduced the code cycle time between unit testing and integration testing as fewer defects and configuration changes needed to be addressed.

However, OMCS/OCS does not provide CO sufficient visibility into the configuration history of the various environments. This observation is based on responses given during individual sessions with the senior CO contractors responsible for the engagement with OMCS. There have been instances when code has been pushed from UDEV to the FTS environment without CO's knowledge. CO does not have access to the SVN tool to do delta analysis on the code base. CO and OCS have initiated a joint effort to improve the overall configuration management process.

A.2 Change Management

With JIRA as CO's change management core, CO now has a robust method for defect and change request logging, tracking, assessment, prioritization, and management.

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While the level of data capture is highly detailed, there are still opportunities for extended reporting, specifically around the history of changes at the component and product level. However, CO is not currently analyzing or reporting data/information collected through JIRA to isolate a problem area (e.g. code modules which are frequently subject to “check-out”→”check-in” →”check-out” →”check-in” →etc., across multiple defects and also when defects move from “open”→”closed”→ “open”→”closed”, etc.)

OCS is performing some data analysis but is not providing CO with the results. Such data analysis would help CO identify areas of their system that need more attention and possibly, this information could possibly be used to enhance their resource management as well.

From CO’s demonstration of JIRA, it is clear that they are utilizing the tool astutely to improve their change management processes. However, in the demonstration, there was no mention of JIRA cases being referenced back to requirements or use cases to verify if the requested change to the code is within scope.

CO’s Change Control Board (CCB) meets weekly, at a minimum. It is recommended that there should be joint involvement from both the business stakeholders as well as IT to determine priority of the JIRA cases in order to meet the overall business needs.

CO has no visibility into the OCS change management environment. CO has no details on how OCS is managing their code base. OCS uses a source code version control tool, SVN for its code management, but CO does not have access to the SVN environment or full exposure to the changes being made. If CO had insight into the code management details, they could potentially better identify and understand the root causes for certain code issues. Without this insight, CO is completely dependent on OCS for the explanation of the issues. Moving forward, CO should consider taking control of the system engineering processes and tools.

A.3 Release Management

OCS is in charge of CO’s release management. CO stated that their release management process has improved since they brought a full-time release manager (provided by OCS) on-site to work more closely with the team. The release manager is responsible for scheduling and managing code migrations between the three environments – FTS, Pre-production, and Production.

There are two types of code migration, specifically releases and surgical, from one environment to another. The releases are planned large code migrations whereas surgical code pushes result from urgent JIRA cases related to isolated defects within an existing release. The environments are backed up on a daily basis.

CO’s release process has improved since the introduction of a formal release manager, however the software build process is still at an immature stage. The OCS code management and software build processes do not allow for version branching. As a result, there are frequent

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instances of code elements which in a build which should not have been included. OCS creates release notes for their releases but there was no indication that they create a release rollback plan. Because OCS, rather than CO, has full control of the release management process, CO is frequently in a position to choose between a moving a release to the next step, or following good release management processes.

One of CO's independent contractors (Tom McKiver) conducts weekly product and infrastructure release meetings. Oracle is sharing the release notes for migrations from Pre-prod to Prod and from FTS to Pre-prod. These activities have led to improvements in the release management process.

Despite the improvements in the release management process, the communications to the testing team regarding system availability and what is being deployed in each environment is still inconsistent. The daily tech sync meeting with OCS, IV&V, and the independent contractors, in part, includes discussions around the system environments and code migration plans. These daily meetings provide an opportunity to improve on the communications noted above.

CO is starting to see some improvements in the environment management process as well and, as a result, is seeing less environment related surprises.

A.4 Testing

A.4.1 IV&V and Quality Assurance

CO has a strong and knowledgeable IV&V team. The IV&V team is concerned with the instability of the testing environment and different system environmental configurations. It has been a challenge for them to test in the FTS environment which is configured differently than the pre-production environment. Therefore, some JIRA cases which pass testing in FTS could fail testing in the Pre-prod environment. The IV&V team emphasized the importance of having a separate TEST environment which would be utilized before code migrates to FTS. They reported that OCS testers often do not have enough time to perform robust testing. The current development and integration testing methodology does not allow for the sharing of developers' unit test results with the testing team. This can result in a lack of validation/revalidation of test cases and can cause unnecessary defect tickets.

Another issue reported is that there is a lack of communication on when code is migrated from one environment to another, in terms of what fixes are included in each code push. Repeatedly, the IV&V team has requested a variance report from Oracle. To date, they have not received it.

The IV&V team presented a concept for Continuous Integration (CI) and test automation and has developed a strategy to implement elements of this within the CO environment. The IV&V team also presented their recently developed automation toolset - primarily Selenium, Jenkins and integration with the Oracle Application Testing Suite (OATS). This toolset includes a real-time

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dashboard that has hooks into most layers of the system and has the capability to target performance testing, user interface (UI) testing, custom code testing and web services testing. The tool was developed using open source components and coded in Java. As a result, it is very portable and could be easily shared with other states. The IV&V team is willing to give a demonstration of this tool to other states upon CMS's request. The IV&V team expressed a willingness to collaborate with OCS to develop an overall CI and test capability. The IV&V team stated that OCS has yet to demonstrate a willingness to fully collaborate on this effort.

A.4.2 Functional Testing

CO's integration testing team is well organized and structured. Testers are delegated specific roles and responsibilities across each of the major functional areas. The integration testing team meets daily to discuss the latest testing updates. The integration testing lead uses this opportunity to address any issues that prevent the team from resolving defects.

It appears that CO's integration testing team and the IV&V team are collaborating and cooperating in the testing activities. The integration testing lead attends the daily tech sync meetings. In addition to being able to update the team with what is coming next, the test lead also gains insight into the bigger picture of what other activities and efforts are occurring for an upcoming release.

The integration testing team is facing the same issues with OCS as is the IV&V team (refer to section A.4.1).

A.5 Performance and Load Testing

OCS provided a walkthrough of their performance testing report. The information presented by OCS demonstrated that OCS had been engaged in performance tuning rather than performance testing. CO was expecting to see evidence that the system could handle up to 10,000 concurrent users – a targeted performance requirement. The report did not provide CO with the specific performance metrics needed to plan for any necessary mitigation with respect to user volumes. CO has various hardware/software options (which were discussed during the workshop) to limit/throttle/divert traffic into the system. However, without the specific performance metrics, CO cannot move on a strategy.

During the IV&V's demonstration of their testing tool, they expressed a willingness to collaborate and cooperate with OCS to conduct performance and load testing. They have the required tools and skillsets in place to immediately start work on this testing effort. CO should consider making use of this resource.

A.6 Disaster Recovery and Continuity of Operations (COOP)

OMCS has implemented a full disaster recovery (DR) capability for both the data and the application tiers of the solution. In accordance with best practices, the DR solution is instantiated within a separate data center from the primary infrastructure location. The DR solution is configured to provide a Recovery Time Objective (RTO) of four hours and a Recovery Point Objective (RPO) of one hour.

As part of the OMCS contract, CO is entitled to two failover tests per year. Oracle has stated that they performed a failover test in September 2013; however, CO did not have a report from OMCS documenting the results of the test. OMCS stated that they do not currently have a failover test scheduled which they can share with CO. OMCS plans to resume DR/failover testing after the full public launch. At the writing of this report, the full launch remains unscheduled.

A.7 Architecture

CO demonstrated an awareness of the flaws and complexities present in the system architecture; however, actions need to be taken to remedy the situation. CO and its independent contractors indicated that the data model and other significant portions of the system architecture contain significant design weaknesses which will require major redesign or removal.

CO has a complex technical architecture. The solution is built entirely on Oracle technology components. In addition to using Oracle Enterprise Manager (OEM), CO also purchased a monitoring capability to monitor the Oracle Managed Cloud Service independent of OMCS. Discussions during the workshop reiterated that OCS is lacking in resources with expertise in Oracle Configuration Management (OCM), which has contributed to the delays experienced at the outset of the CO implementation.

One of the primary challenges with the CO solution is the management of the many sessions created by Siebel, Oracle Real Application Clusters (RAC), Service Oriented Architecture (SOA) and Web Center that consume a significant amount of CPU and memory. As a consequence, CO is concerned about the need for repeated rebooting of their system due to system performance issues. During the sessions, CO indicated that the code review conducted by CO in May 2013 revealed a number of issues (e.g. design, data modeling, coding practices, etc.) including wide spread memory leaks in the code base. CO indicated that their long-term strategy to mitigate memory leaks and other low level issues is to perform stringent code reviews. CO plans to conduct another code review in the near future to assess the impacts on the code base from the many surgical code pushes over the past several months. The CO architecture contractor and others on the CO team asserted, based on their independent review, that the CO data model and corresponding physical schema is highly flawed and needs significant attention.

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CO shared a proposed simplified solution of their OPA Interview (CS Web App) architecture to mitigate some of the issues in the application tier. CO stated that they have demonstrated the proof-of-concept to the business stakeholders who are optimistic about the solution. However, the architecture team is projecting approximately two to three months before any action can be taken since CO is focusing solely on the next release and subsequent releases to get the system to function at its optimal level and to meet CMS requirements.

CO does not have its own senior technical resources within the CO direct staff. Independent contractors are very knowledgeable staff extenders of the CO senior technical staff. These individuals have a great deal of responsibility, but do not have decision making authority. CO should consider taking full advantage of these resources as if they were “on staff” and engage them in detailed, authoritative technical discussions with OCS and OMCS.

A.8 Project Management

There is no evidence that CO has a formal, centralized project management office (PMO) function performing the necessary level of oversight and resource control across the full spectrum of the CO project. CO relies heavily on its contractors to complete the majority of the day-to-day task and while various individuals own such things as schedules and release plans, there is no single person identified to manage the overall project.

While CO does have an IT technical project manager with demonstrated ability to manage many of the moving parts, there is a clear need for a full-time dedicated overarching project manager. The benefit of such a person would be the ability to produce a fully integrated overall schedule for tracking progress against milestones. Currently, as stated by CO, such a schedule does not exist.

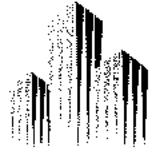
A.9 Development / Agile Process

Since September 2013, CO has been utilizing a home grown development process which is based upon agile methodologies. There are seven functional areas within the process, referred to as tables, with each table having a dedicated table lead (a mini project manager) and a dedicated business analyst. This process appears to be well orchestrated. Each morning there are daily “scrum” meetings for the different functional areas. While not rigidly adhering to the formal agile scrum format, these meetings serve a valuable purpose in providing a regular opportunity for various parties from a functional area to provide the latest updates on the progress across the outstanding major defects/issues. Information is communicated from the development teams to the other project teams using JIRA. JIRA is a tool used to store defect status and development resolutions/fixes.

From: "Schmidt, Mark" [REDACTED] <[REDACTED]@coveroregon.com>
Sent: 8/27/2014 3:52:28 PM +0000
To: Maren Cohn [REDACTED] <[REDACTED]@hamstreet.net>
Subject: A few more minor changes to recommend
Maren,

Nice job. Especially the last section "Future Structure and Governance."

MS



HAMSTREET
& Associates

To: Aaron Patnode, Cover Oregon Board, Governor Kitzhaber
Re: Overview of Hamstreet Cover Oregon engagement and recommendations
From: Clyde Hamstreet
Date: August 29, 2014

Since stepping aside as interim executive director at Cover Oregon in July, and as part of the wind-down of my firm's engagement with Oregon's health insurance exchange, I have prepared this memo as an overview of our work and recommendations for the future of Oregon's exchange. The memo covers three areas: operations, finance, and future structure and governance.

I. Operations

A. Initial Situation

Dysfunctional Management. When my team arrived at Cover Oregon in April the organization was in serious disarray. Rarely if ever in my experience as a turnaround professional have I encountered so dysfunctional a leadership and management situation. Several executives and managers held positions they did not have the experience or ability to handle and were consequently failing. There was little accountability among management. High level objectives were not aligned and executives were frequently at odds with one another, at times displaying unprofessional conduct such as territorial behavior, open hostility, and use of strong profanities in verbal communications.

Cooperation with the Oregon Health Authority (OHA) was poor and there was evident ill will. Lines of authority were vague in several functional areas; e.g., two executives were responsible for the same Salem operations. Communications between managers, across levels internally, and with many outside constituents (e.g., agents) were poor. Important policies and procedures were either inadequate or did not exist. Management and systems weaknesses required frequent ad hoc decision-making to enable continued operations, usually with nothing but an email for documentation.

The problems in senior leadership affected the entire organization. Employee morale was poor and we encountered widespread discomfort and wariness among the staff about whom to align with or trust.

Ineffective Agent Relations. Agent relations was not a priority and agent commission processing was wholly inadequate. An agent relations team existed in title, but in fact spent its time on



enrollments, resulting in weeks of unanswered agent phone calls and hundreds of unanswered agent emails. Commission payment processing had largely failed and Cover Oregon was paying agents less than half the commissions it was receiving.

Instability of IT system. When Hamstreet came on board, Cover Oregon did not have control over its production data processing systems. Oregon's Chief Information Officer, Alex Pettit, had initiated activity to assume this control from Oracle, but results were still a month away. Disabling system problems and outages were part of the normal course of operations. Most business processes had ~~only~~ limited automated support, ~~but~~ ~~and~~ a few, such as life change processing, had none at all. Cover Oregon relied on Oracle to provide the needed services but did not have an effective independent problem identification or management process in place to guide that relationship or fill in gaps to enable independent operations. Cover Oregon had no formal service level expectations or effective service level agreement with Oracle.

Continued Focus and Expenditure on IT. In mid-April, ~~several~~ Cover Oregon ~~executive~~ leadership had yet to understand that the IT implementation had failed and that it was time to regroup, stabilize the business, and develop a new approach. The organization continued single-mindedly down the path of debilitating expenditure on technology, ~~leaving the rest of the business to fall apart in its wake~~. ~~I think this last phrase is too strong~~.

Weak Financial Controls and Business Processes. Elements of financial management lay in three separate parts of the organization, ~~all~~ relegated two or three levels below the executive director. This fragmentation led to incomplete financial planning and oversight. Contract and invoice authorization was dispersed and poorly controlled, and there were virtually no controls on IT spending. Expense run rates would have left Cover Oregon out of funds by 3Q14. There was no effective budgeting or variance tracking, and where any such efforts did exist there was no accountability. No meaningful business planning was current, except for grant funds forecasting, and there was no formal agreement in place between Cover Oregon and OHA related to cost sharing or fees for service.

Processing Backlog. Large piles of untouched work had accumulated. This included the processing of Medicaid redeterminations, carrier assessment billings, and the processing of member life changes ("Qualifying Life Events"). In mid-April there was a backlog of approximately 6,500 life changes—all untouched—with no process defined or enabled to handle them. At that time there were also approximately 3,000 complex applications that had yet to be handled, and 7,000 identified data errors in need of correction. The organization had no plans in place to address roughly 20,000 document verifications that should have been started by then.

B. Work Performed

To correct and improve the situation described above Hamstreet & Associates:

- Removed non-performing executives
- Changed the management culture through increased communications and senior executive availability and transparency, improving morale

- Stabilized the business by refocusing on core activities and stanching the bleeding on technology
- Closed out many contracts and sent many contractors home
- Improved financial forecasting and reporting
- Cut expenses to a run rate capable of finishing the year
- Demonstrated open cooperation with OHA, and expected the same from Cover Oregon employees
- Jointly developed the 2015 Transition Plan with OHA and the governor's office
- Clarified authority, delegating more operations decision-making while restricting financial decisions
- Promoted the controller to executive ranks and pulled billing and payroll functions under finance
- Increased the attention and resources dedicated to agent relations
- Implemented new agent commission processing procedures, achieving 90%+ commission pay ratios and placing the organization on track to fully pay out all commissions
- Working with Alex Pettit, normalized data processing operations and support and added key personnel in this area
- Required Hamstreet approval for all contracts and review of all invoices
- Caught up on all complex application processing
- Developed carrier assessment billing to begin with the August run
- Facilitated implementation of life change processing and eliminated the QHP life change backlog
- Fixed more than 10,000 data errors, reducing this backlog to approximately 1,000 by the end of August

C. Transition — Work Still to Perform

The following is an excerpted overview of the operations workload prepared by Mark Schmidt and recently presented to Aaron Patnode as Mark turned over the reins as interim COO to Alicia Blevins.

Salem Operations. Salem activities focus on eligibility and enrollment processing and the call center. Given the parallel activities at OHA pertaining to Medicaid, periodic coordination with OHA senior management on eligibility and enrollment is important.

The eligibility team faces a significant workload through the remainder of 2014. Tasks include error corrections and life change processing, both of which are already underway and well advanced, but OHA redeterminations are likely to generate additional life change work. The eligibility team will also be responsible for whatever document verification Cover Oregon has to complete. The level of verification required is not yet clear, but if it is significant the workload may exceed the team's capacity. Workload planning in this area will be critical.

Enrollment processing is fairly stable at this time and has a capable team. This workload should decline as 2015 open enrollment begins, but we expect continuing applications and carrier cancellations and terminations until sometime in November.

The call center workload has remained higher than expected following the end of extended enrollment on April 30. Cover Oregon has been handling 30,000+ calls ~~per month during every month since May, June and July. August call volumes will come in slightly below this level, but~~ with OHA's pending redeterminations, call volume will almost certainly increase in the near term. If volume remains as high as it has been or increases, Cover Oregon may wish to evaluate its desired service levels. Abandon rates are ranging from 10-20%, down from highs of 40% during open/extended enrollment, and average speed of answer now runs 3-5 to 6-8 minutes, down from 20+ minutes early this year. If Cover Oregon were willing to tolerate lower service levels it might proceed with fewer customer service reps. We have not wanted to make these reductions, but there is room to save costs in this area if necessary.

Durham Operations. The Durham office houses corporate functions, such as Finance and HR, as well as planning for SHOP, agent relations, and plan management. HR is virtually self-managing at this point and should not require significant operational attention. The SHOP team is currently reallocated to helping pay commissions, and plan management is working as part of the technology transition team. Agent relations is active with both agent communications and assisting with commission payment processing. All these areas are adequately staffed and workloads are manageable.

Two organization charts are attached as Exhibit A, one representing the current transitional scenario and the second a potential organization for 2015.

Exhibit B provides a schedule of the most important 2014-15 projects on Cover Oregon's plate, listing the project owner and timeframe. Hamstreet facilitated the development of this schedule with department managers in mid-August. Areas covered include Audit/Reporting, Budgeting, Carriers, CO Systems, Critical Constituencies, Document Verification, Inter-Governmental Agreements, Life Change Processing, OHA Coordination, OHA Eligibility Hand-Off, Renewal Notices, Service Center, SHOP, and the Transition Project.

II. Finance

Hamstreet's activity in the finance area arose from the same set of problems described above in Part A of the Operations section. Early on we recast the role finance played in the organization, which had previously disregarded this department as a second-team player. We added a temporary CFO and elevated the Controller to an executive-level position. We also restructured the accounting department to include the payroll function and billing and commission processing, both of which had been reporting in a fragmented manner to other parts of the organization. Other important financial actions include:

- Added staff resources to work on commission processing problems

- Reviewed the 2013 Independent Auditors Report on Internal Controls and implementation of corrective plans to address findings
- Implemented accurate and timely cash flow budget forecasting
- Improved financial reporting formats for management and the board
- Implemented regular and timely financial variance reporting (actual results to forecasted) to executive team and department managers
- Improved processes to identify and track significant forecasted costs, especially related to contracts
- Initiated contracts review to improve accuracy of contract obligations in forecasting
- Improved month-end reconciliations of accounting data to heighten accuracy and facilitate timely month-end close
- Developed and implemented cost reductions to reduce monthly expenditures rate from an average of \$10.4M/month in the first six months of the year to a projected \$4.1M/month for the last six months
- Limited signature authority and expenditure approval for major expenditures
- Managed the CMS grant budget re-scope project requesting CMS approval for remaining grant fund expenditures
- Helped develop plans for the carrier assessment billing process
- Participated in IT meetings to prioritize and accelerate critical system fixes
- Led development of a 2015 budget framework
- Worked with the Controller in the daily management of financial operations including staff meetings, review of financial information, and other financial operational issues
- Assisted in preparing financial reports for the board and legislative committees, and for other reporting needs
- Developed a financial operations work plan for the remainder of 2014 and the first quarter of 2015 scheduling significant issues that need to be addressed (Exhibit C).

III. Future Structure and Governance

Cover Oregon, its board, the governor, and the legislature face an important near-term decision in determining the future course of Oregon's health insurance exchange. Should Cover Oregon survive to house the exchange or should the exchange move to another agency? If Cover Oregon survives, what is the best structure and governance? If it moves into an agency, to which one and with what structure or special provisions? The following observations give food for thought and recommendations related to this decision-making process.

Throughout, the discussion assumes that Oregon wishes to and will remain a state-based (or supported state-based) marketplace (SBM). For 2015, Oregon may retain SBM status while using the federal exchange technology. As long as this situation lasts, maintaining the status quo is the obvious course. But long-term future use of federal technology by SBMs is not yet settled, and (while I do not think it probable) it may come to pass that SBMs will lose federal access. I feel strongly that Oregon should keep its options open. Not only is it important for the state to retain control over its health insurance market, but it is also critical that Oregon follows through on the representations it made when applying for and receiving federal funds. The

ability to remain an SBM means keeping technology options open, in large part by thinking through the steps, timing, and costs necessary to retain that status without the use of the federal system. The discussion below includes some thoughts about planning around federal uncertainties in this area.

A. Cover Oregon has a strong core organization that deserves to survive in some form.

The group to whom this memo is addressed may not need to be told what seems obvious to them, but in light of the early problems, public struggles, and media environment this year it needs to be said. When I took over as interim executive director in April the financial and operational situations were on the verge of collapse, and it took time and effort on the part of my team and many others within the organization to bring those areas into line. These weaknesses were attributable to prior planning, direction, and management, not to underlying staff incompetence, lack of vision, or lackluster commitment and performance. In terms of ability, sense of mission, and dedication, I and my team found most of the staff very capable and enjoyable to work with. We recognize and admire the strong ethos that runs deep through the organization to ensure that all Oregonians have health insurance that they can readily understand, acquire, and afford.

Having helped develop and implement important process and oversight improvements, and having now ceded the executive directorship to a very capable leader, we have confidence that Cover Oregon's strengths will flourish. If allowed to continue, I believe this growth will eventually be recognized by the public.

B. The early technology fiasco should not undermine Oregon's long-term healthcare goals.

Both Cover Oregon and the state took a very public and embarrassing beating that is difficult but important to leave behind. The best way to do so is to acknowledge mistakes, learn from them, and move forward. The state has stumbled, but it should resist regressive forces that insist the prior errors necessarily entail some lesser version of its healthcare vision. The technology rollout was appalling and Cover Oregon bears partial responsibility for that. But, in mitigation of these stark acknowledgements, we should keep in mind how massive and how uncharted was the territory created by ACA. Oregon was not alone in making significant implementation mistakes, and both the states and the federal government are still feeling their way through a relatively dark environment towards the future.

Oregon must embrace discipline and fiscal responsibility, but that does not mean it must abdicate its comprehensive healthcare vision. Short term planning that takes financial and political realities into account is necessary, but longer term vision is also essential. I am concerned that short-term decisions may impair the flexibility needed to achieve longer term goals. The unsettled nature of the federal healthcare law may work to Oregon's advantage, but in the meantime the state should keep its options open.

C. The failed initial rollout should not undermine Oregon's commitment to a working healthcare eligibility and enrollment technology.

The value of a working technology far outweighs its cost, even if that cost is a multiple of what it should or might have been. The tremendous savings provided by automated application processing imply the inevitability of significant information systems. While the state could have done a much better job of implementation, it never truly had an option *not* to implement a technological solution, and it does not have that option now. We shared an abbreviated analysis of this fact with the House and Senate Legislative Committees in May, and included the following language in the update to the Cover Oregon business plan:

The cost of processing Medicaid applications manually is extremely high. Our preliminary estimates of direct labor costs suggest that an exclusively manual procedure would exceed \$120 million per year. Currently, using the new (but unfinished) technology, Cover Oregon and OHA employ a hybrid manual and automated process estimated to cost closer to \$30 million per year in direct labor. By contrast, a fully automated electronic process is projected to cost less than \$1 million annually in direct labor (not including call center functions or hands-on staff time to help applicants understand or complete the application). While a fully-automated process is not realistic given the federal requirement that paper applications be made available and the larger number of applicants that will require hands-on assistance to apply, these figures show that the State of Oregon cannot afford NOT to complete the technology.

The numbers referred to in the business plan update derive from a preliminary analysis of application processing costs completed in mid-May 2014. The table below presents direct labor costs to process Medicaid and QHP applications coming through Cover Oregon and OHA using three different levels of technology—none (the legacy manual system), partial (the hybrid solution developed in early 2014), and full (yet to come). The analysis treats *direct labor costs only*. No administrative overhead, no management costs, no equipment or facilities costs, and no expenses for communications, outreach, call center, or other activities are included. Taking all costs into consideration, Hamstreet & Associates estimates Cover Oregon's fully burdened per-application cost to be approximately \$120.

As seen from the table, most of the savings lie on the OHA side, which handles more than ten times the number of applications as Cover Oregon. But the savings are significant for Cover Oregon as well, amounting to nearly \$7.5 million over two years compared to the hybrid model—i.e., more than the organization's total operating revenues for 2014, and just for direct processing labor. Caveats must be kept in mind relating to the rough nature of the analysis and the impossibility of 100% automation; but these precautions do not undermine the conclusion that eligibility and enrollment technology is vitally important to Oregon.

Value of Technology¹

	Cover OR	OHA	Total
Labor cost to process per application²			
Manual (legacy)	\$ 75.50	\$ 44.50	
Hybrid (current)	35.00	10.30	
Fully automated	0.30	0.30	
Number of applications (estimate)			
2014	82,000	1,200,000	
2015	130,000	1,200,000	
Total	212,000	2,400,000	
Total labor cost to process (2014-15)			
Manual (legacy)	\$ 16,000,000	\$ 106,800,000	\$ 122,800,000
Hybrid (current)	7,420,000	24,700,000	32,120,000
Fully automated	64,000	720,000	784,000

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D. Oregon should establish a statewide Information Systems department answerable to the governor and responsible for all government IT needs.

The processing cost analysis given above shows that Oregon must continue on the path towards improved systems automation. Even if, as an SBM, Oregon is allowed long-term use of federal technology for QHP enrollments, the state must maintain the essential and complex systems supporting OHA's eligibility and enrollment operations. Based on my exposure to technology issues at Cover Oregon and OHA, I strongly recommend that Oregon establish a statewide IS department responsible for all of the state's technological needs. Such a department would offer several advantages over existing practices.

- Greater consistency and efficiency are the most obvious benefits. A single department could build a comprehensive plan to support all state government activities, rationalizing processes and eliminating significant redundancy.
- As information needs rise and the government's work becomes more complex, the state needs its databases to integrate smoothly and talk to each other. Too often the left hand does not know what the right hand is doing; seamless information sharing would reduce these problems and make government much more capable and much less expensive. If the table above is any indication, the potential savings in this area are tremendous.
- Such a department would concentrate expertise, leading to higher and more consistent quality of design and implementation.
- Pulling responsibility for technology into one place liberates other departments and agencies to focus on providing the services for which they exist. Cover Oregon's mission is health-related. It is not a tech shop, and it got into trouble when it had to

¹ This is a rough analysis based on application processing costs developed in May 2014 to assist in manpower planning and budgeting for remaining 2014 processing requirements.

² Includes new applicants, re-enrollments, re-certifications, transfers from terminated plans, etc.

act like one in order to fulfill its mission. The trouble it got into was uniquely public, but Cover Oregon is surely not unique among Oregon government and quasi-government entities to be managing its IT needs in less than optimal ways.

- While free to focus on their missions, other agencies and departments would still retain significant control over their own processes and technology needs. They would submit scopes and specifications to the IS department and work closely with IS personnel on solutions and implementation.
- A new department of this kind would have the opportunity to make a fresh start using best business practices from the private sector and avoiding the sometimes territorial and bureaucratic culture that holds back other parts of state government.
- Finally, returning to Oregon's health insurance exchange and the lingering uncertainty about future rules and requirements: A centralized IT system would greatly reduce the cost, time, and risk involved to implement eligibility and enrollment capability for QHP processing, in the event SBMs are not allowed to use federal exchange technology in the future. It would also enable Oregon's exchange to more readily build in components related to the tribes and SHOP.

E. Considerations for Cover Oregon's future structure and governance.

If Oregon has a centralized IT department, housing its health insurance exchange becomes much less of an issue. Removing technology concerns from planning and operations will enable the exchange to focus exclusively on its mission. Hamstreet & Associates does not have a strong opinion as to whether Cover Oregon should remain a freestanding quasi-governmental entity, become an agency, or be subsumed into an existing agency, but we incline to let it remain as it is. The same considerations that supported its creation as an independent entity remain in force, and there is much for the organization still to do. Besides the individual QHP market, there are the tribes and SHOP to work on; there may also be a role for Cover Oregon to serve public entities such as school districts, by growing market size, increasing buying power, and reducing costs.

If the state wishes to place its health insurance exchange within an existing agency, we believe it makes more sense to put it in the Oregon Insurance Division (OID) than OHA. The culture and bureaucracy of OHA is a deterrent to fresh, efficient operations, and the experience of that agency has more to do with entitlement programs than with insurance. Cover Oregon is primarily involved with the sale of private insurance, and for that reason aligns more naturally with OID.

If Cover Oregon remains a freestanding entity, we have the following recommendations for changes in its board composition and procedures:

- All board members should have prior experience on boards of mid- to large-sized organizations that deal with complex issues.
- Restrictions on the number of industry members should be eased. The industry should not dominate the board, and the board should maintain its independence; but it needs more industry experience than it has.

- The governor should appoint the chair, with the restriction that the chair cannot be someone who reports to the governor in the ordinary course of his or her employment.
- Other than industry representatives, requirements for specific kinds of members (consumer advocates, small business representatives, minorities) should be removed. The board needs the best people it can get regardless of background.

F. Future planning for Oregon's health insurance exchange should be done in a more businesslike manner than in the past.

Whatever the state decides to do with Cover Oregon, decisions should be analyzed and made in a more businesslike manner than has been the case in the past. A brief example illustrates this point. When Hamstreet arrived in mid-April there were two full-time people assigned to agent relations, presumably representing what management believed would be necessary to fulfill those functions. Burdened annual costs for those two people were approximately \$225,000. But to properly operate the agent relations program—i.e., to communicate with agents and track, reconcile, and pay commissions—has required significantly more than two personnel, with burdened annual costs that we estimate will exceed \$800,000. Actual costs including office space, fixtures, and equipment will be somewhat higher. Prior Cover Oregon leadership appears not to have thought through what it would take to carry out agent relation functions, or how Cover Oregon would be compensated for doing so.

There are other examples of questionable business planning as well, such as locating computer hardware in two offsite locations in Utah and Texas, with state taxes of approximately \$100,000 per year on the Texas-based equipment alone. Cover Oregon leadership appears not to have thought through how it would pay for licensing fees and support and maintenance agreements amounting to \$2 million per month while living on annual operating revenues of \$10 to \$20 million per year. One of the most significant costs in this respect related to the installation of PeopleSoft software to support the organization's business activities. PeopleSoft is a complex ERP system seldom seen in companies with less than \$150 million in annual revenue. The enterprise level of QuickBooks is more appropriate to Cover Oregon, and that is what Hamstreet & Associates has recommended.

G. Consider regional or licensing solutions for the IT platform if necessary.

Oregon is a small-population state with limited potential for QHP enrollment. Given the newness of the law, estimates of the market size are tentative; but credible sources such as the Kaiser Family Foundation and the Robert Wood Johnson Foundation (Urban Institute) converge on a figure in the neighborhood of 330,000-350,000. This market size should inform Cover Oregon's future planning. If we have a centralized IS department capable of adding QHP functionality to existing Medicaid eligibility and enrollment systems, then the state may well proceed on its own terms as an SBM. But if Oregon's exchange has to independently develop and implement the technology it needs, or if the cost to develop the additional functionality is too great to make sense, then Oregon should look outside itself for ways to share costs and find solutions. While it would take time and effort to bring about, collaborating with neighboring states on a common IT platform that allows retention of state control over regulations and processes could increase efficiency in the QHP marketplace by spreading costs over a much larger group of people. Licensed use of technology from the federal government or another state may also be worth looking at.

From: Leibowitz Nora [REDACTED] coveroregon.com>
Sent: 4/24/2014 3:47:05 PM +0000
To: Fauver Amy [REDACTED]; KOLMER Sean P * GOV
[REDACTED] KOLMER STATE EMAIL, "Hamstreet, C"
[REDACTED]@hamstreet.net>
CC: "Kushner, Jonah" [REDACTED] coveroregon.com>
Subject: Re: QUICK data request for SBM data
Thanks – Jonah and I will work on this and we'll get it out.

Nora Leibowitz | Chief Policy Officer | [Cover Oregon](#) | [REDACTED]

From: Fauver Amy [REDACTED] coveroregon.com>
Date: Thursday, April 24, 2014 8:43 AM
To: KOLMER Sean P * GOV [REDACTED] KOLMER STATE EMAIL, "Hamstreet, C"
[REDACTED] hamstreet.net>
Cc: Nora Leibowitz [REDACTED] coveroregon.com>
Subject: Re: QUICK data request for SBM data

Thanks. I'm looping Nora since her team handles this reporting.

Amy Fauver | Chief Communications Officer | [Cover Oregon](#) | [REDACTED]

From: KOLMER Sean P * GOV [REDACTED] KOLMER STATE EMAIL>
Date: Thursday, April 24, 2014 8:37 AM
To: Amy Fauver [REDACTED] coveroregon.com>, Clyde Hamstreet [REDACTED] hamstreet.net>
Subject: FW: QUICK data request for SBM data

Not sure why I got on this but looping you in.

From: Stolbach, Jennifer B. (CMS/CCIIO) [REDACTED]
Sent: Thursday, April 24, 2014 8:33 AM

[REDACTED]

Subject: QUICK data request for SBM data

Good Morning, EDs --

There has been a change in plans regarding weekly reporting during April. In order to provide more data in our quarterly report, we need your SBM enrollment data through April 19. (We had previously given your teams a bye for the week of the 19th...)

We'd so appreciate that your teams please provide you're a completed Weekly Indicator Template for cumulative enrollment data for activity through Saturday, April 19, by tomorrow, COB. If you cannot provide this by COB tomorrow, we know you had a relatively easy time providing us your daily plan

selection totals (# of individuals who selected a QHP + cumulative total since 10/1/13) – and we would really appreciate these totals for EOD April 16; April 17; April 18; and April 19.

Thanks so much!
Jen

Jennifer B. Stolbach
Deputy Director, State Exchange Group
Center for Consumer Information & Insurance Oversight
Centers for Medicare & Medicaid Services



From: KOLMER Sean P * GOV [REDACTED] KOLMER STATE EMAIL
Sent: 4/27/2014 9:07:01 PM +0000
To: EDLUND Tina D [REDACTED] state.or.us>;
[REDACTED]
Subject: Fwd: Material for Monday's meeting
Attachments: OR_Attendee List.docx

----- Forwarded message -----

From: "Williams, Courtney J. (CMS/CCIIO)" [REDACTED]
To: "'KOLMER Sean P * GOV' [REDACTED] KOLMER STATE EMAIL [REDACTED]
Cc: "Stolbach, Jennifer B. (CMS/CCIIO)" [REDACTED] cms.hhs.gov>
Subject: Material for Monday's meeting
Date: Sat, Apr 26, 2014 2:59 PM

Attached this time.

From: Williams, Courtney J. (CMS/CCIIO)
Sent: Saturday, April 26, 2014 5:59 PM
To: 'KOLMER Sean P * GOV'
Cc: Stolbach, Jennifer B. (CMS/CCIIO)
Subject: RE: Material for Monday's meeting

Sean,

(item 1) Attached is our running attendee list. As you can see, it represents folks from all over CMS and throughout CCIIO. It's just that: a running list as we work with our SMEs and their availability to join sessions. I don't imagine everyone will be in the same room at the same time, but in and out and possibly bringing other staff as appropriate. You'll probably see how it reflects large portions of the agenda, and will be able to draw lines between the attendees you see here for Monday and the agenda Jen sent Thursday evening.

Attendee list for Tuesday is different, more limited, and if you need more on that we can chat Monday.

(item 2) I was able to reserve a conference room just downstairs from the room we'll be in all day. I was able to snag it, a mere 3-second elevator ride away and it's all yours from 8-10am and then again from 4-6pm.

(item 3) I addressed this in my prior email, but: I'll share electronically with the group and try to have a handful of handouts available. Plugging into the VTC is literally as easy as plugging in, so we have options.

Enjoy the rest of this weekend, safe flight, and we'll see you Monday.

-Courtney

From: KOLMER Sean P * GOV [REDACTED] state.or.us]
Sent: Saturday, April 26, 2014 12:23 PM
To: Williams, Courtney J. (CMS/CCIIO)

GOV_HR00073831

Subject: RE: Material for Monday's meeting

Thanks Courtney. Couple of things

Can you send the list of attendees from your side?

Can we get a conference room for the day starting at 8 that my team can work in both prior to meeting and after?

We will have a slide deck to walk through likely on Monday morning. Can I send to you to have copies available?

Thx again.

From: Williams, Courtney J. (CMS/CCIIO) [REDACTED] [mailto:cms.hhs.gov]
Sent: Friday, April 25, 2014 9:21 AM
To: 'KOLMER Sean P * GOV'
Subject: RE: Material for Monday's meeting

Very helpful, thanks Sean. If you need anything over the weekend, please also feel free to give me a call or shoot over a text/email at any point, happy to help!

-Courtney
[REDACTED]

From: KOLMER Sean P * GOV [REDACTED] [mailto:state.or.us]
Sent: Thursday, April 24, 2014 7:31 PM
To: Stolbach, Jennifer B. (CMS/CCIIO)
Cc: Williams, Courtney J. (CMS/CCIIO); Arnold, Grace C. (CMS/CCIIO); MacDonald, Cynthia M. (CMS/CCIIO); Chen, Jenny C. (CMS/CCIIO)
Subject: RE: Material for Monday's meeting

Thanks. Here is our crew from Oregon. After looking this over tomorrow, we might add some folks remotely if we can during particular sections.

Sean Kolmer, Governor's Office
Tina Edlund, Acting Director Oregon Health Authority
Clyde Hamstreet, Interim Executive Director Cover Oregon
Alex Pettite, Interim CIO Cover Oregon, State Of Oregon CIO
Sarah Miller, Cover Oregon, State of Oregon Deputy COO

Be great if you could also send the attendees from your side as well. thx again. Talk soon.

sk

From: Stolbach, Jennifer B. (CMS/CCIIO) [REDACTED] [mailto:cms.hhs.gov]

GOV_HR00073832

Sent: Thursday, April 24, 2014 3:50 PM

To: KOLMER Sean P * GOV [REDACTED]state.or.us)

Cc: Williams, Courtney J. (CMS/CCIIO); Arnold, Grace C. (CMS/CCIIO); MacDonald, Cynthia M. (CMS/CCIIO); Chen, Jenny C. (CMS/CCIIO)

Subject: Material for Monday's meeting

Sean (and Team),

We're looking forward to meeting with you on Monday, and hope you are equally optimistic for our sessions together, and for Tuesday's meeting with the Administrator. Attached you will find an agenda for Monday's discussion – 10am – 3:30pm in Bethesda. We have also included here our latest version of your Proposed Functionality Matrix, that we have discussed and edited a few times together.

In order to facilitate the discussion, I have also listed below questions that might come up in the course of each session's discussion. Please know that we might not get to all of these – nor is this a script for our time together, just some suggestions to help effectively and efficiently direct our conversation, given our limited time.

As a final item, in order to ensure a smooth entrance into our building, could you please send Courtney Williams (cced above) a list of the members of your team who will be joining us in Bethesda on Monday?

Thanks so much, Sean – and please don't hesitate to call me with questions.
Jen

Jennifer B. Stolbach
Deputy Director, State Exchange Group
Center for Consumer Information & Insurance Oversight
Centers for Medicare & Medicaid Services

[REDACTED]

INFORMATION NOT RELEASABLE TO THE PUBLIC UNLESS AUTHORIZED BY LAW:

This information has not been publicly disclosed and may be privileged and confidential. It is for internal government use only and must not be disseminated, distributed, or copied to persons not authorized to receive the information. Unauthorized disclosure may result in prosecution to the full extent of the law.

Overview of Proposed Solution

Provide brief overview of the proposed solution and course of action for 2015 open enrollment and remaining activities for 2014 plan year.

What are the components of the proposed solution, including ownership?

Who is the system integrator to be used to implement the solution?

What other contractors or sub-contractors will be used to support effective system integration?

What are the timelines and key milestones to implement the proposed solution?

How will the proposed solution address current challenges/problems?

What will be accomplished by June 30th 2014?

What are the additional milestones (and associated risks) post June that would impact meeting these targets?

What are your plans and timelines around certifying Qualified Health Plans?

What do you need from CMS?

E&E

Do any of the system's current interfaces need to be changed/shut down/redirected?

Would the state's eligibility system be leveraged by or transferred to the Medicaid agency?

Will the state still use the Federal Hub IRS service or other Hub services currently being used by Cover Oregon? (If use of Hub IRS service will continue, another IRS security review will be required.)

PM & Issuer/Agent/Broker Activities

What is your plan review timeframe?

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From: KOLMER Sean P * GOV [REDACTED] KOLMER STATE EMAIL
Sent: 4/28/2014 8:52:11 PM +0000
To: MILLER Sarah S * DAS - [REDACTED] oregon.gov>; Sarah Miller [REDACTED] coveroregon.com>
Subject: Fwd: Material for Monday's meeting
Attachments: DRAFT Agenda - OR.docx; ATT00001.htm; Cover Oregon Proposal and Function Responsibilities_4172014.docx; ATT00002.htm

Begin forwarded message:

From: "Stolbach, Jennifer B. (CMS/CCIIO)" [REDACTED] cms.hhs.gov>
Date: April 24, 2014 at 6:49:48 PM EDT
To: "KOLMER Sean P * GOV [REDACTED] KOLMER STATE EMAIL "
[REDACTED]
Cc: "Williams, Courtney J. (CMS/CCIIO)" [REDACTED]
"Arnold, Grace C. (CMS/CCIIO)" [REDACTED] "MacDonald,
Cynthia M. (CMS/CCIIO)" [REDACTED] "Chen, Jenny
C. (CMS/CCIIO)" [REDACTED]
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Jen

Jennifer B. Stolbach
Deputy Director, State Exchange Group
Center for Consumer Information & Insurance Oversight
Centers for Medicare & Medicaid Services
[REDACTED]



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What is your plan and timeline for securing non-Federal funding to implement the proposed solution?



OREGON STATE MEETING AGENDA

April 28, 2014



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Draft as of 07/28/2015

Cover Oregon Proposal: Exchange Functions & Responsibilities

Exchange Function	Federal responsibility	State responsibility	
		Cover Oregon	Oregon Health Authority
Consumer/Stakeholder Engagement			
Stakeholder consultation		X	X
Tribal consultation		X	X
Outreach and education		X	X
Navigators	X		
In-person Assister Program		X	X
Agents/Brokers - Licensure		X	
Agents/Brokers – Training/Registration	X		
Web brokers	X		
Call center	X (QHP eligibility, enrollment and Medicaid assessment questions)		X (Medicaid would continue their call center functions for Medicaid)
Public website portal	X (individual portal, SHOP)		X (Medicaid)
Eligibility and Enrollment			
Single application for coverage	X		X

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Eligibility determinations and calculations of ATC and CSR	X		X (Medicaid eligibility)
Enrollment	X		X (for Medicaid only)
Change of circumstance, redeterminations,	X		X (for Medicaid only)
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Eligibility appeals	X		X (for Medicaid only)
QHP selection and terminations	X		
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Medicaid CHIP assessments	X		
Medicaid assessment /determination interfaces	X		X
Setting Special Enrollment Periods	X		
Plan management			
Review of QHPs		X	
Provide recommendations for certification and recertification		X	
Systems for QHP Review		X	
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From: KOLMER Sean P * GOV [REDACTED] KOLMER STATE EMAIL
Sent: 4/24/2014 11:31:28 PM +0000
To: EDLUND Tina D [REDACTED] state.or.us>; "Miller, Sarah"
[REDACTED] coveroregon.com>; Clyde Hamstreet
[REDACTED] hamstreet.net>; PETTIT Alex * DAS
[REDACTED] oregon.gov>
Subject: FW: Material for Monday's meeting
Attachments: DRAFT Agenda - OR.docx; Cover Oregon Proposal and Function
Responsibilities_4172014.docx

I have not review yet but wanted to get in your hands ASAP. Talk tomorrow.

sk

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Sent: Thursday, April 24, 2014 3:50 PM
To: KOLMER Sean P * GOV [REDACTED] KOLMER STATE EMAIL
Cc: Williams, Courtney J. (CMS/CCIIO); Arnold, Grace C. (CMS/CCIIO);
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GOV_HR00075444

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Single application for coverage	X		X

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Planning the Go Forward

Utilizing Federal Facilitated Marketplace Technology

DRAFT FOR INITIAL DISCUSSION WITH CMS

DRAFT FOR INITIAL DISCUSSION WITH CMS

Proposed Solution

The Go-Forward Plan

2014 Operations

- State retains responsibility for 2014 Operations through 12/31/2014, including:
 - QHP Change in Circumstances/Life Events/New to Oregon Enrollees (CO)
 - Continued 2014 Medicaid Enrollments (CO or OHA)
 - 1 Million Medicaid Redeterminations (CO or OHA)

2015 QHP using FFM

- By November 15, 2014, Transfer QHP Eligibility & Enrollment to FFM, including portal & call center
- State retains:
 - Front-end consumer outreach & education, including tribal consults
 - Initial QHP plan management & some QHP oversight

2015 Medicaid using FFM

- By November 15, 2014, Transfer Medicaid Assessment to FFM
- OHA retains:
 - Front-end consumer outreach & education, including tribal consults
 - Medicaid portal (New) & call center
 - Medicaid determinations, enrollments, notices, redeterminations, and appeals

Consumer & Stakeholder Management

Exchange Function	FFM	Cover Oregon	Oregon Health Authority
Stakeholder Consultation		X	X
Tribal Consultation		X	X
Outreach & Education		X	X
Navigators	X		
In-Person Assister Program		X	X
Licensure for Agents/Brokers		X	
Registration/Training Agents/Brokers on FFM	X		
Web Brokers	X		
Call Center	X (QHP & Initial OHP)		X (OHP)
Public Website Portal	X	?? For consumer ed?	X (OHP)

Eligibility & Enrollment

Exchange Function	FFM	Cover Oregon	Oregon Health Authority
Single Application for Coverage	X		X
Eligibility Determination & ATC/CSR Calcs	X		X (OHP elig)
Enrollment	X		X (OHP)
Change of Circumstance/Redetermination	X		X (OHP)
Notification of Determinations	X		X (OHP)
Eligibility Appeals	X		X (OHP)
QHP Selection & Terminations	X		
Medicaid CHIP Assessments	X		
Medicaid Assessment/Determination Interfaces	X		X
Setting Special Enrollment Periods	X		

QHP Plan Management

Exchange Function	FFM	Cover Oregon	Oregon Health Authority
Review of QHPs (incl. data accuracy of Rate Setting)		X	
Provide recommendations for certification		X	
Systems for QHP Review		X	
Final Approval Certification/Recertification of QHPs	X		
System to receive data for Certifications and Display on Plan Compare (through SERFF)	X		
QHP Compliance & Oversight	X	X	
Timelines for QHP Certification	X		
Quality Reporting (Follow up)	X (any display on plan compare)	X(? Align to State Metric Work)	

Proposed Types of Contractors

Medicaid
using FFM

- System Integrator
- Development by System Integrator
- QA

QHP using
FFM

- System Integrator
- FFM Vendor
- QA

Note: Both efforts will use a single System Integrator

DRAFT FOR INITIAL DISCUSSION WITH CMS

Medicaid Using FFM

Use a System Integrator

System Integrator Procurement Strategy

- Direct Award with CMS Review & Approval
- Phased Deliverable-Based Contract
 - 30 day gap analysis
 - Work for November 15, 2014 (Work Order(s) Issued After Gap Analysis)
 - Long Term Solution Work (Work Order(s) Issued after November)
- Payment for Deliverable Completion Only, consider Payment Holdback Provisions
- Use Work Order Process for Changes as Needed

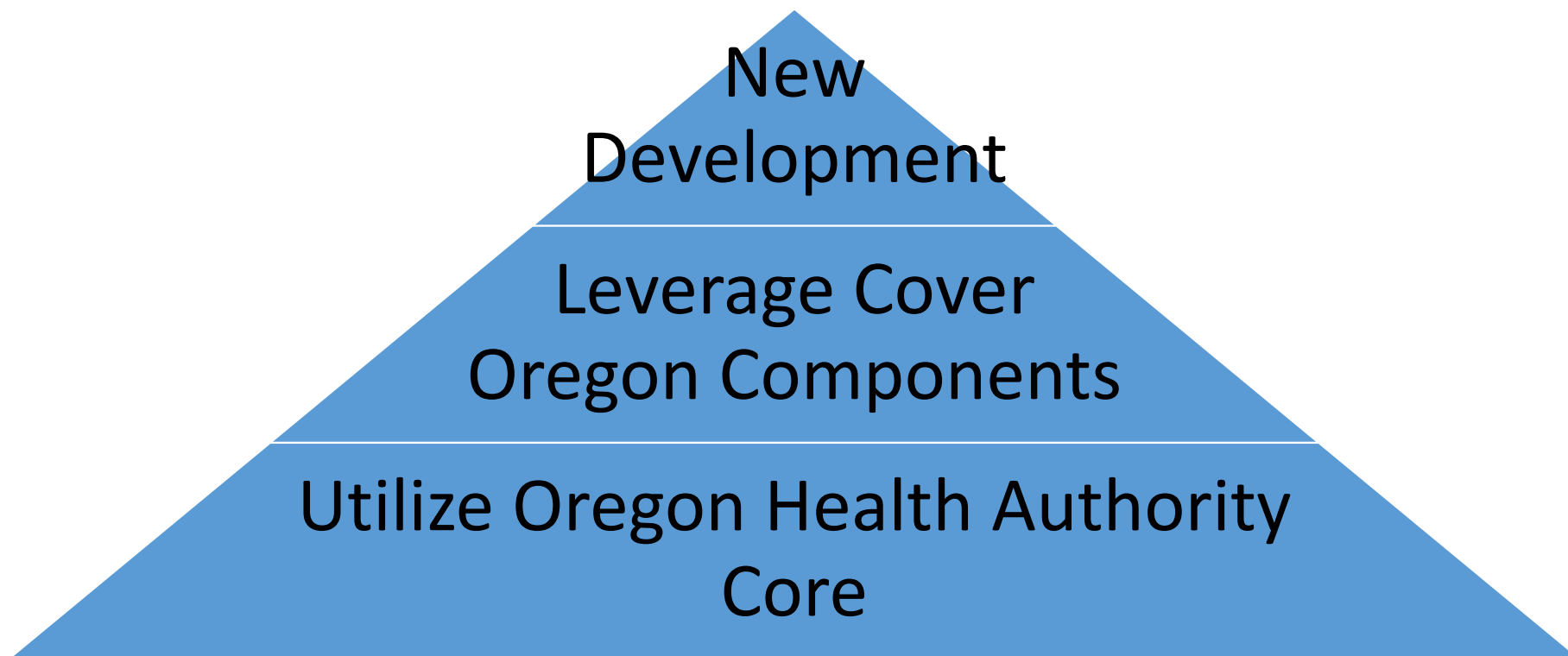
Project Contract Management

- “Doing the Work Right”
- Retrospective review of deliverables defined in contract
- QA Vendor to produce deliverable quality control checklists to review significant project deliverables against – deficiencies identified & remediated prior to submission of final
- No deliverable invoiced until final deliverable is accepted

Project Vendor Management

- “Doing the Right Work”
- Comprehensive Vendor Oversight – proactive direction to make sure vendor team is working efficiently and effectively
- Responsibility for strategic business context setting and resolving competing priorities
- Ultimate decision maker for directing vendor work

Approach for Medicaid Eligibility Project

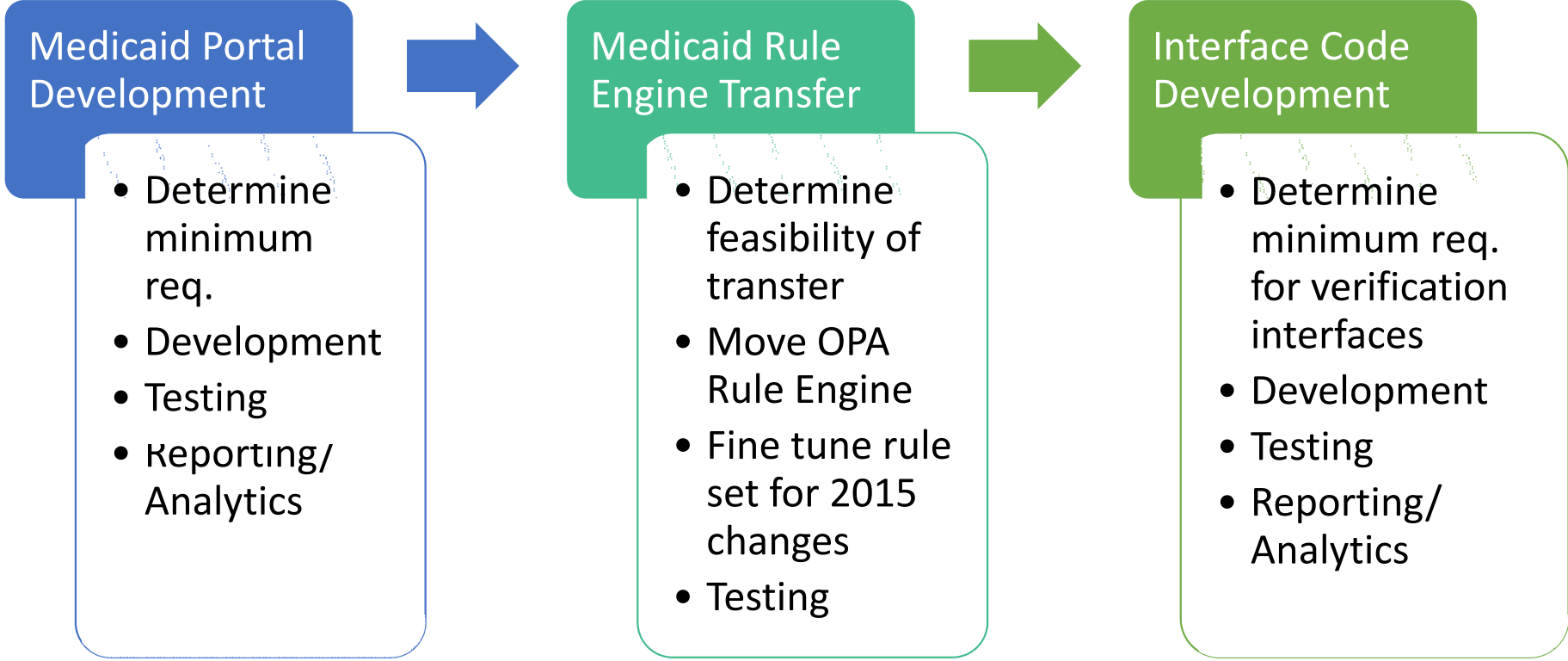


Basic Function of CO System and OHA System

Cover Oregon System	OHA System
Currently functioning Medicaid Eligibility Rule Engine in production	Medicaid Eligibility Rule Engine Exists but has not processed eligibility in production
Underlying Data Model focuses on Eligibility & Enrollment only	Underlying Data Model focuses on Case Management
Interfaces to CMS Federal Hub	Interfaces to MMIS
Audit capability currently not turned on due to performance issues	All data fields are audited – reports available to supervisors
No connection to existing Medicaid legacy systems	Allows for real time verification of existing client data in legacy systems
Integrated Content Manager capability	No integrated content manager capability
Single notice integration in English and Spanish only	Multiple notice Integration in multiple languages
Security & Performance Enhancements implemented for public facing presence	Security & Performance Enhancements not yet implemented for public facing presence

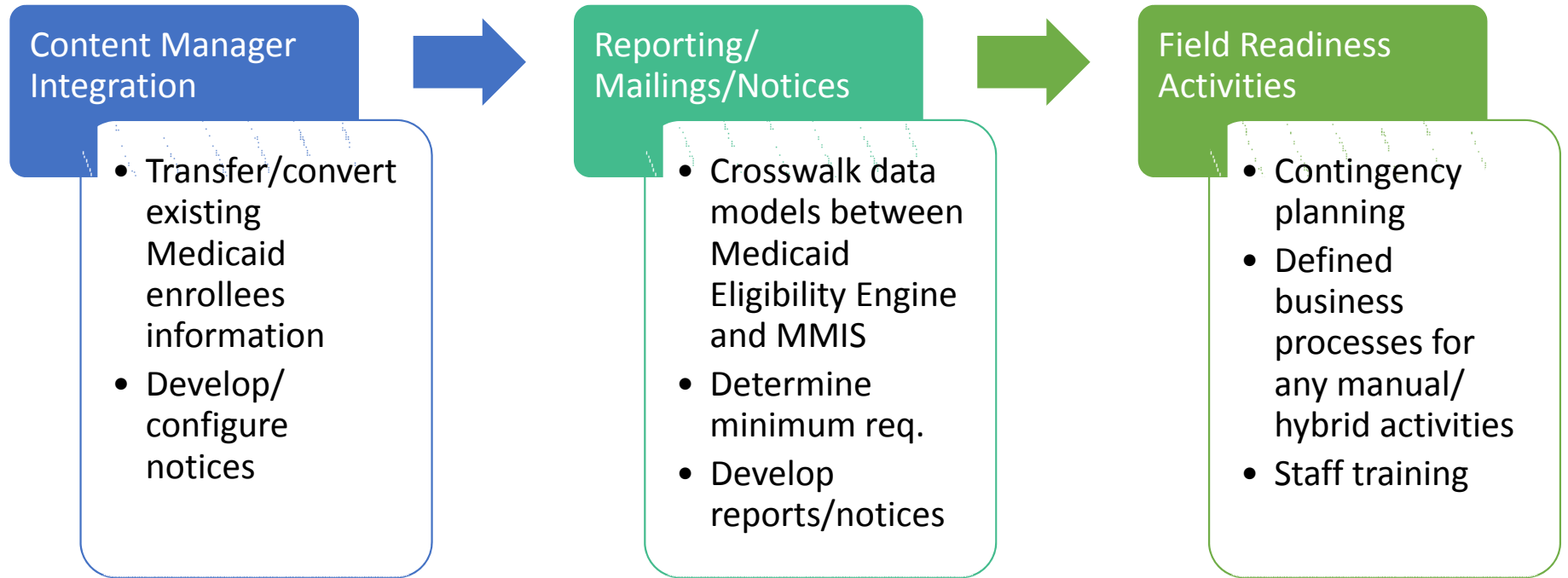
Note: Neither system has had the full CMS 295 test case deck run against it.
Bold indicates components that could be leveraged for final system solution.

Planning Efforts with Oregon Health Authority



Note: These three boxes will involve work with FFM team

Planning Efforts with Oregon Health Authority

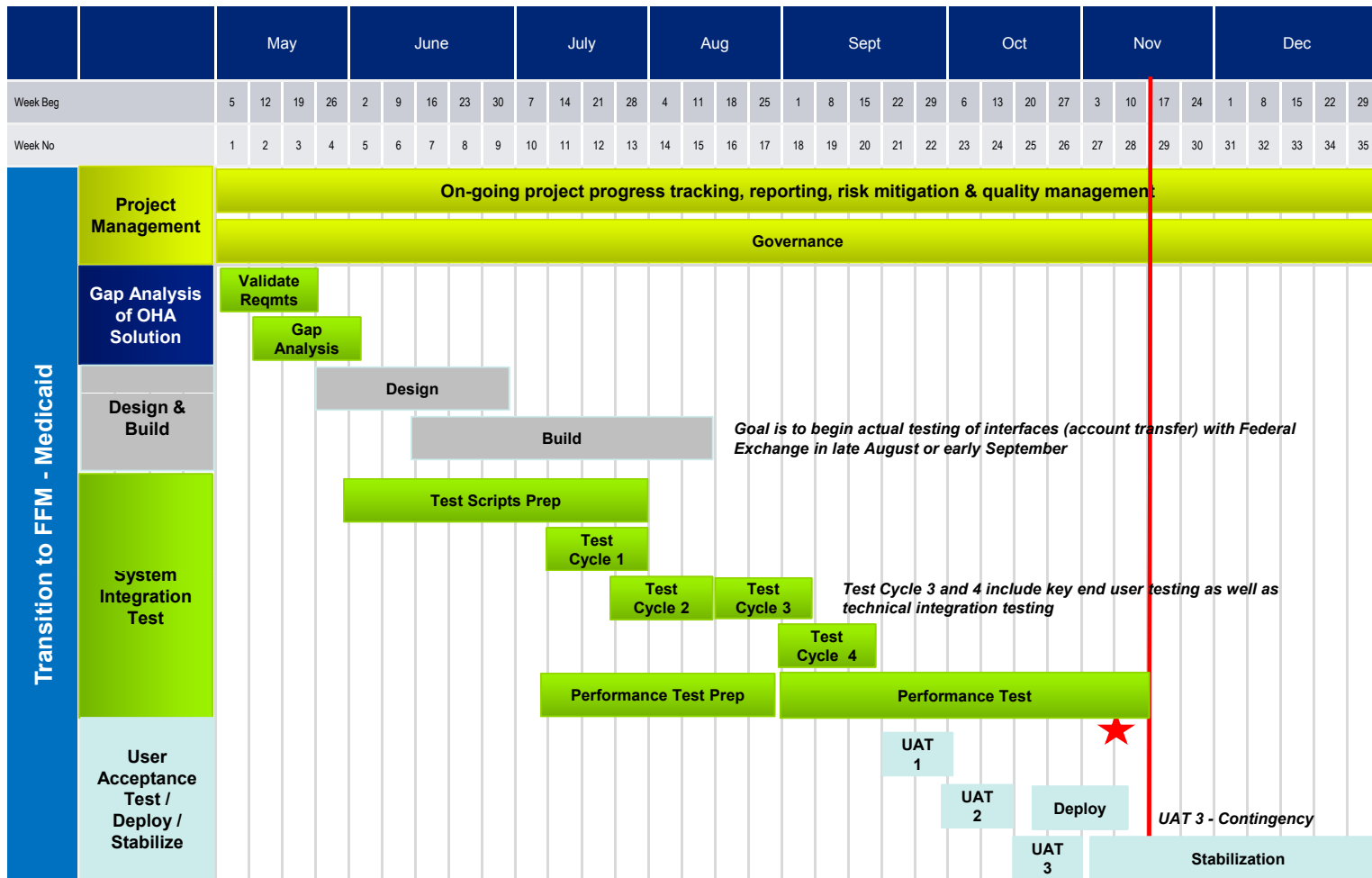


Proposed Medicaid Project Roles

- Medicaid Director/Deputy Director
- Project Manager
- Architect/Technical Lead
- Testing Lead – System & UAT
- Business Process Mapping Lead
- Medicaid Enrollment & Eligibility Business Lead
- Medicaid Redeterminations Business Lead
- FFM Interface Business Lead
- Medicaid Portal Content Business Lead
- Medicaid Program Integrity Lead
- Reporting Lead – Data Guru
- Field Readiness/Change Mgmt Business Lead

Note: This is initial list of expected roles; however, additional roles maybe needed – and other staff from CO and OHA maybe needed to supplement.

High Level Timeline – Medicaid using FFM



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Approach to Development Work

Gap Analysis

- Waterfall Method of Assessment and Requirements Analysis
- Phased in functionality buckets below
- Detailed work plan for thirty days identified; subsequent work plans to be developed with System Integrator for remaining 2014 work based on gap analysis

Phase 1

- Application Registration (High level demographics, application date, file clear against MCI, and Program Request (Medicaid/OHP))
- Application Intake/Data Collection (Detail demographics, non-financial (incarceration, pregnancy, disability...), financial (income/deductions), relationships, tax filing status...)
- Interfaces (Federal Services, other external sources (lexisnexis), state sources (DOR, unemployment, DMV, prison)
- Rules (Eligibility Determination and Benefits Group, MAGI, OHP)
- External Portal (Content Mgmt, HC.gov link)

Phase 2

- Notices
- Change Of Circumstances
- Manual Redeterminations
- Complaints, Appeals and Hearings
- Operationalize Case Management (i.e. Resources and task management (offices and staff), supervisor versus staff roles and resp.)
- Reporting

Interim Milestones by June 30

- SI contract executed for 6 week initial work – May 2
- Data models & Seibel instances analyzed – May 19
- Requirements clarification & updated catalog – May 27
- Scope set for change management & training – May 30
- Scope set for system, UAT, and performance testing – May 30
- Design for external static content & link to FFM – June 6
- SI proposal for remaining 2014 work – June 9
- Remaining 2014 work order with SI executed – June 13

Medicaid Policy Questions

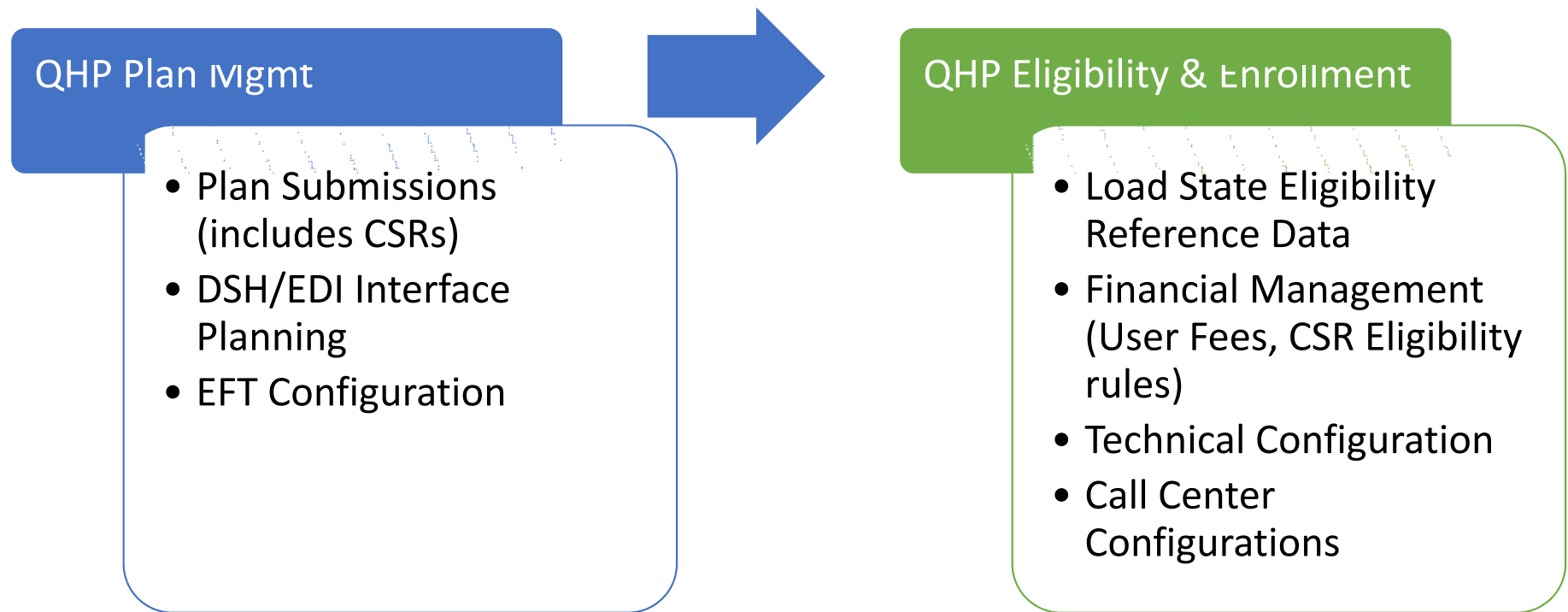
- Assessment vs. Determination? For 2015? and Forward?
- Potential for continued flexibility in schedule for Medicaid redeterminations (excluding Fast-Track Applicants which we know need to be re-determined on schedule)?
- Does Oregon have to be ready to receive FFM assessment files for Medicaid eligible people by November 15? Or January 1?

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QHP Using FFM

Use the Same System Integrator

QHP Planning Efforts with FFM



Activities listed come from CMS-OIS template work plan – Oregon would like to discuss who does which work?

Proposed QHP Using FFM Project Roles

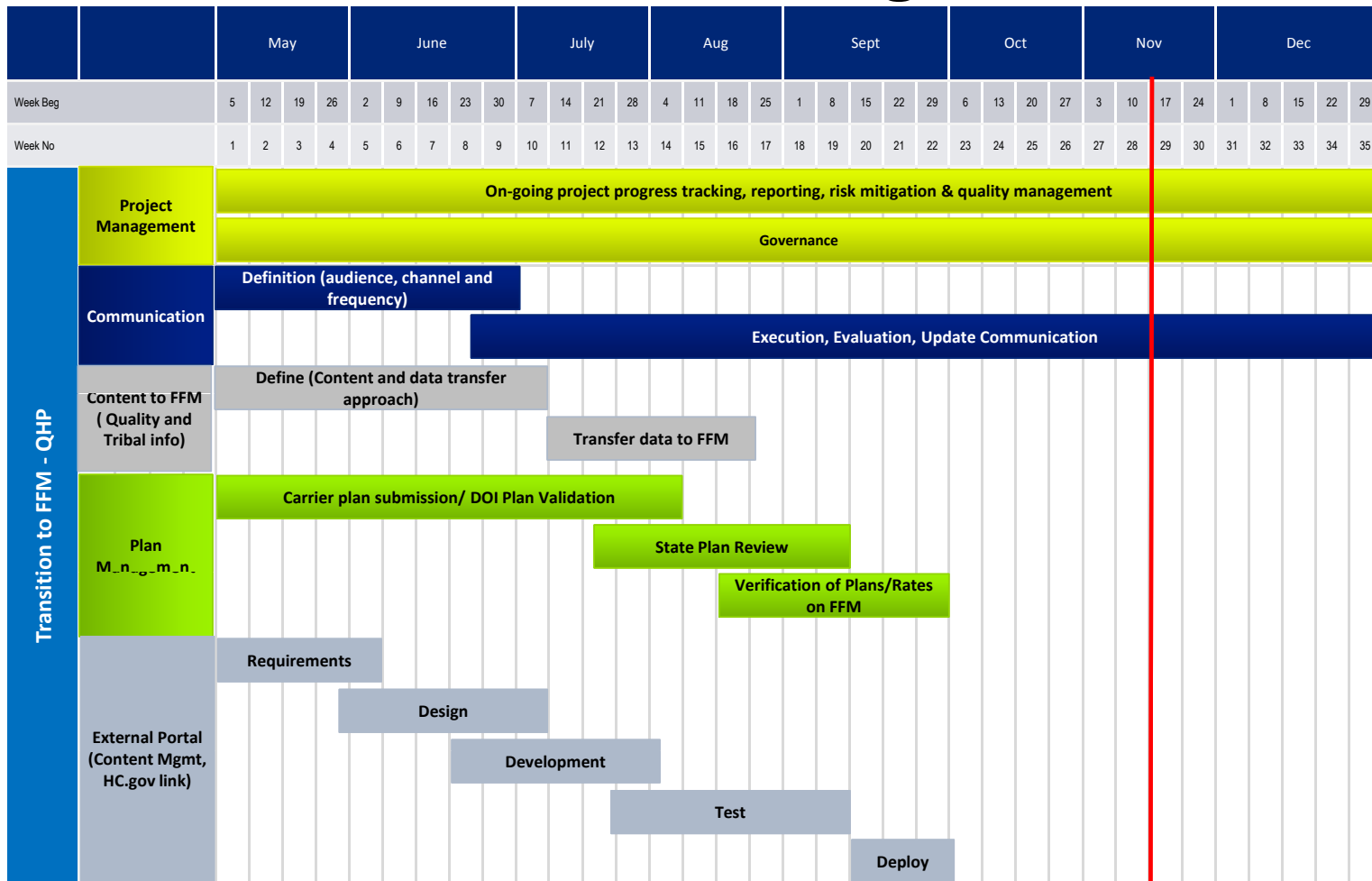
- Project Manager
- Architect/Technical Lead (Connection to System Integrator)
- CO Business Lead – Plan Management & Oversight
- CO Business Lead – Consumer Outreach & Education

Proposed QHP Certifying Timelines

- Timeline driven by Rate Setting Timeline – (may need to be adjusted for CMS FFM required timelines)
- Carrier Submissions – June 2
- State Review and Carriers Notified of Rate - early August
- Final Rate Decision Summary – mid-September

Question: What role specifically does Oregon retain in plan management as it relates to passing approved rates for plan offerings to the FFM?

High Level Timeline – QHP Using FFM



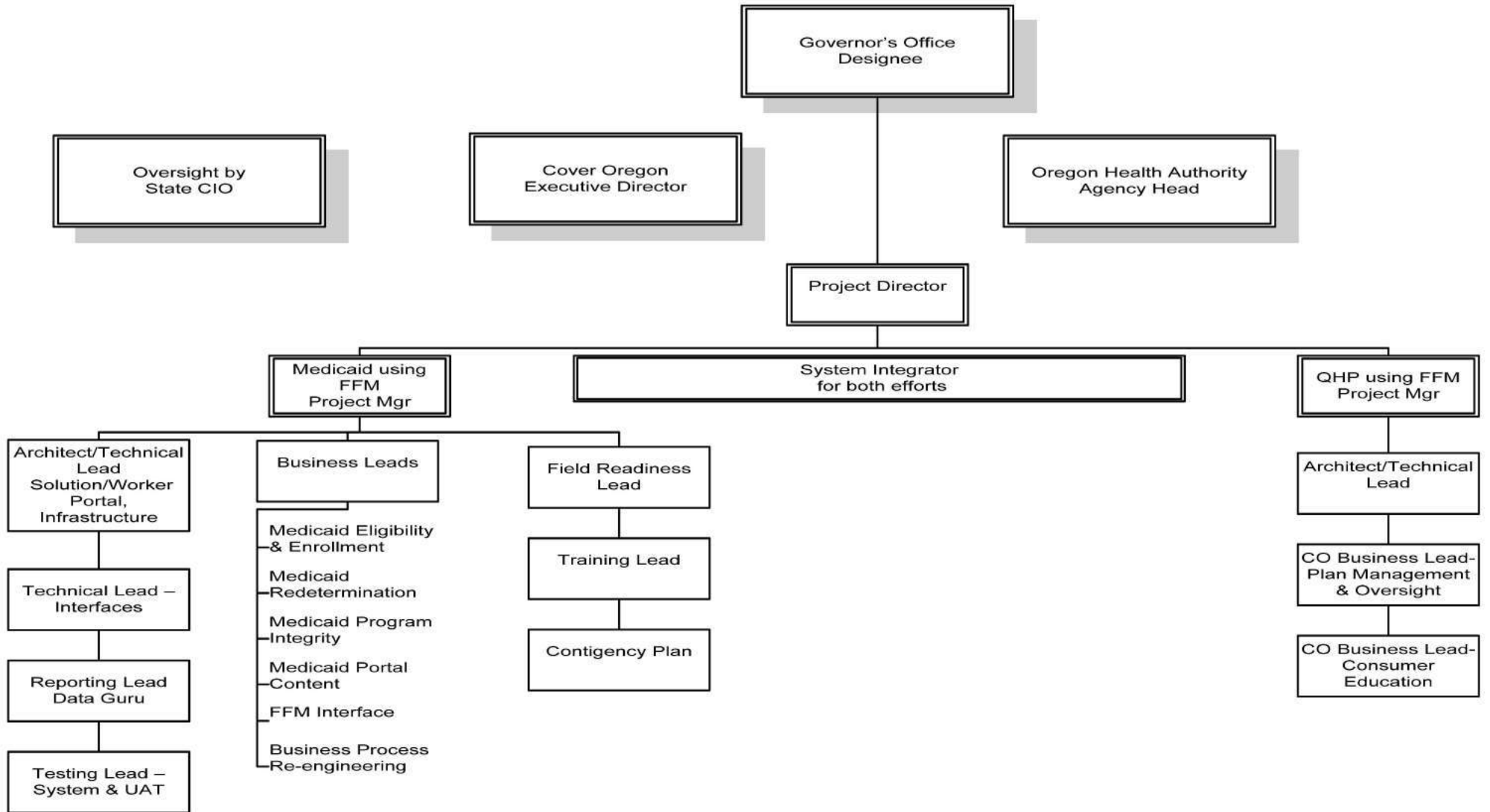
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FFM Project Structure & Governance

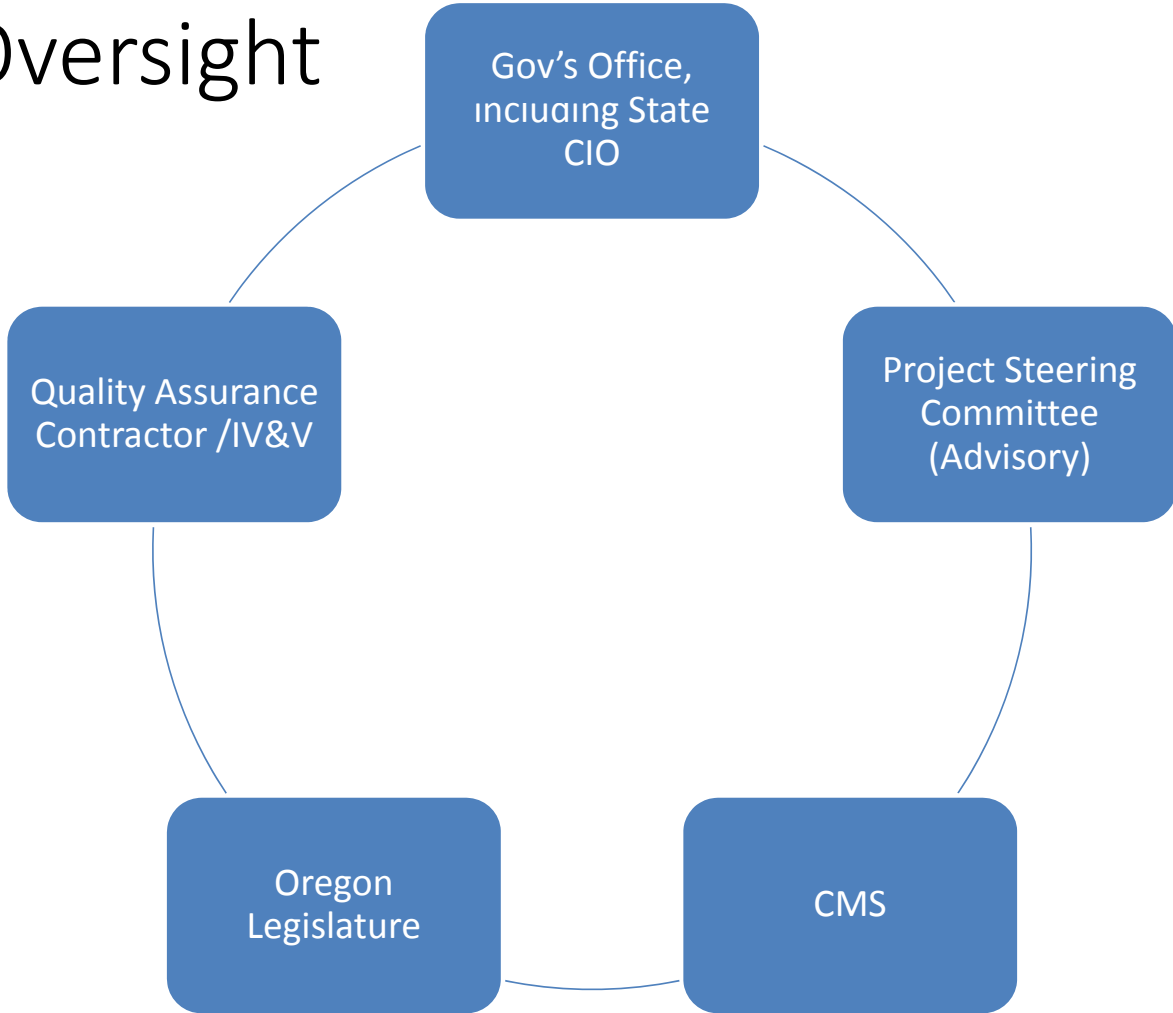
Key Assumptions

- Single Cross-Agency Project Team with dedicated resources that reports to Governor's Office
- Project Team will have access to operational resources at Cover Oregon, Oregon Health Authority, and other state agencies as needed to supplement work
- Single Systems Integrator Contract to coordinate both sets of work – large number of SI employees need to accomplish work in timeframe
- QA & IV&V are essential to project



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Project Oversight



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FFM Project Budget Considerations

Medicaid Using FFM Budget Considerations

- Project Staff Costs - \$5M
- System Integrator Costs - \$35M
- QA Costs - \$4M (10% of Total Project Costs)
- Total Estimated Project Costs - \$44M
- Contingency @ 30% - \$13.2M
- Total Estimate with Contingency - \$57.2M

QHP Using FFM Budget Considerations

- System Integrator Costs \$4-6MM
- Project Team Member Costs – \$500K
- Operational Costs for 2014 - TBD

Review Draft Joint QHP/OHP Budget Worksheet

- Overview
- Revenues
- Expenses
 - Cover Oregon Core Operations
 - 2014 Application Processing Costs for QHP & OHP
 - FFM Project Costs for QHP & OHP

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DETAILED SLIDES FOR AFTERNOON SESSIONS

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Eligibility & Enrollment

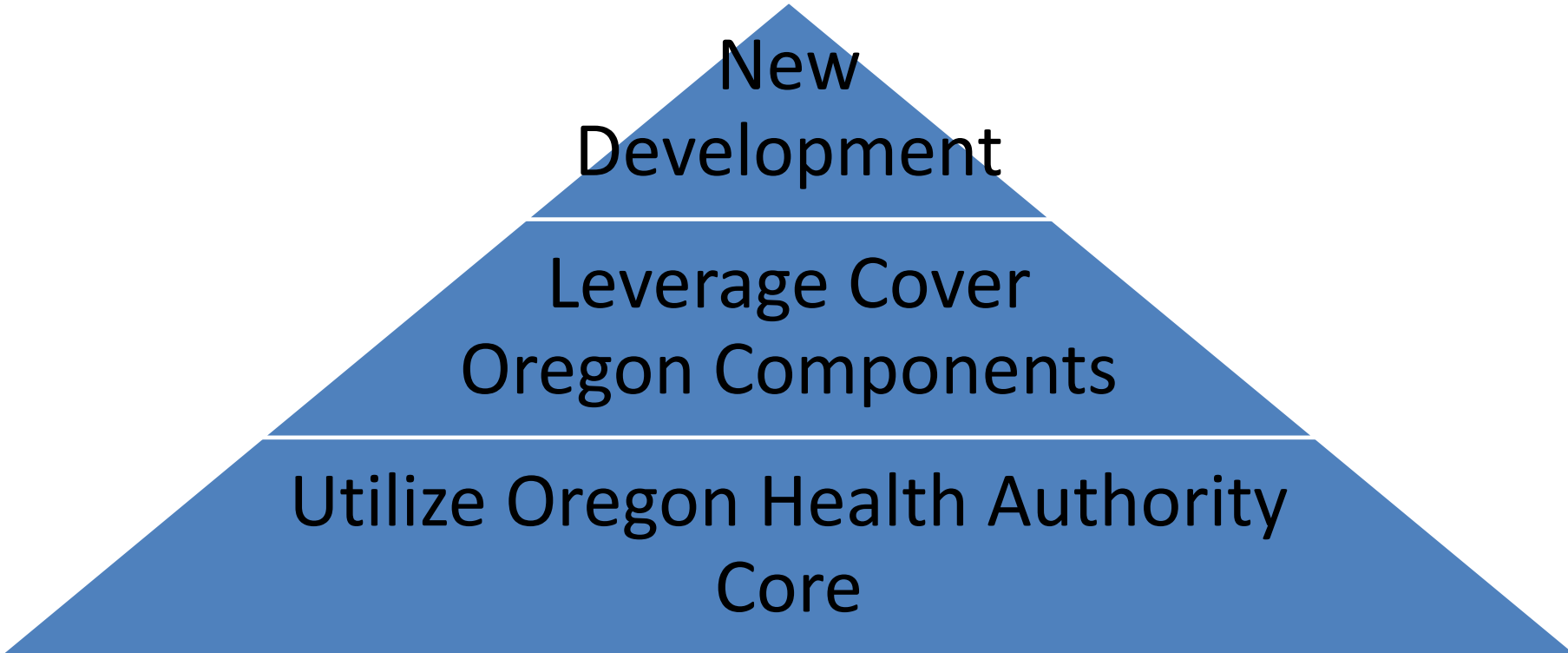
Eligibility & Enrollment

Exchange Function	FFM	Cover Oregon	Oregon Health Authority
Single Application for Coverage	X		X
Eligibility Determination & ATC/CSR Calcs	X		X (OHP elig)
Enrollment	X		X (OHP)
Change of Circumstance/Redetermination	X		X (OHP)
Notification of Determinations	X		X (OHP)
Eligibility Appeals	X		X (OHP)
QHP Selection & Terminations	X		
Medicaid CHIP Assessments	X		
Medicaid Assessment/Determination Interfaces	X		X
Setting Special Enrollment Periods	X		

Discussion Questions

- CMS: Do any of the states current interfaces need to be changed/shut down/redirected?
- CMS: Will the state still use the Federal Hub IRS service or other services currently being used by Cover Oregon?
- Oregon: Can more than one state entity be connected to Federal Hub for the six week overlap between 11/15/2014 and 12/31/2014?

Approach for Medicaid Eligibility Project

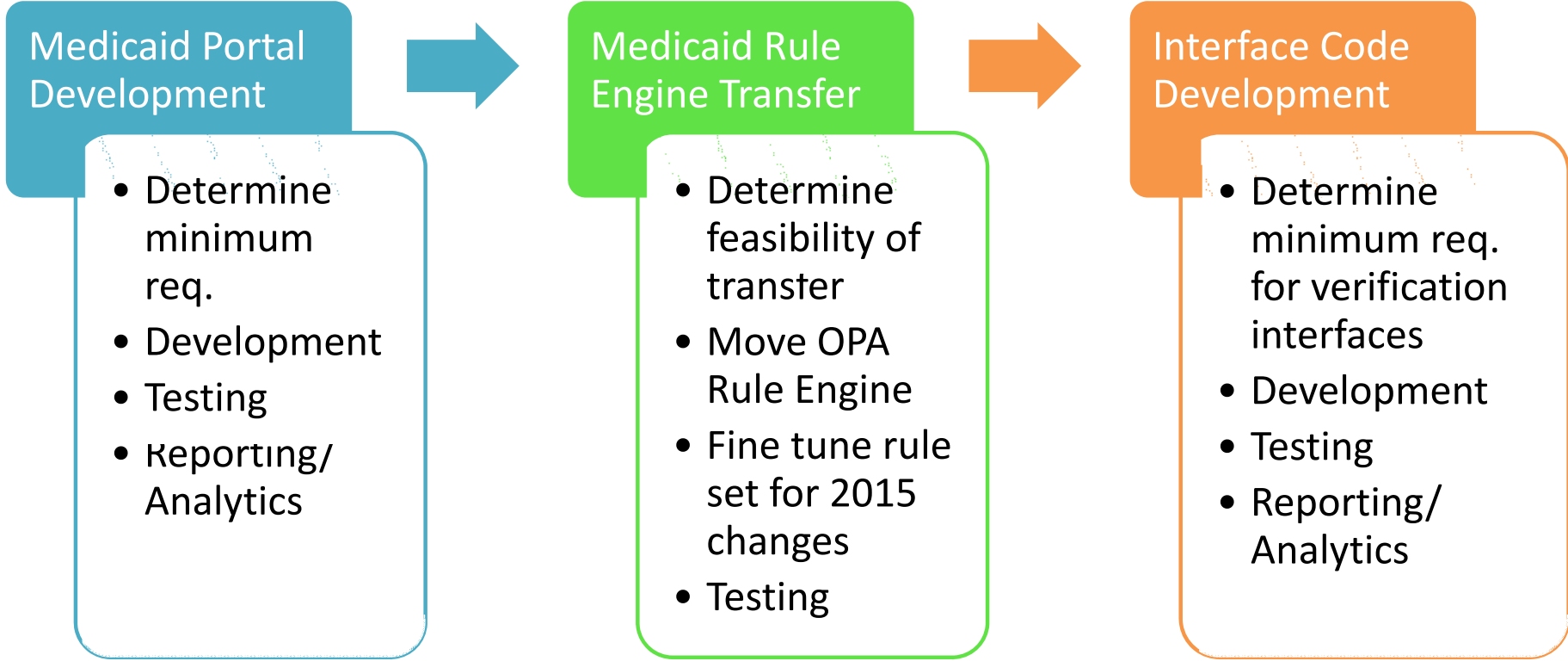


Basic Function of CO System and OHA System

Cover Oregon System	OHA System
Currently functioning Medicaid Eligibility Rule Engine in production	Medicaid Eligibility Rule Engine Exists but has not processed eligibility in production
Underlying Data Model focuses on Eligibility & Enrollment only	Underlying Data Model focuses on Case Management
Interfaces to CMS Federal Hub	Interfaces to MMIS
Audit capability currently not turned on due to performance issues	All data fields are audited – reports available to supervisors
No connection to existing Medicaid legacy systems	Allows for real time verification of existing client data in legacy systems
Integrated Content Manager capability	No integrated content manager capability
Single notice integration in English and Spanish only	Multiple notice Integration in multiple languages
Security & Performance Enhancements implemented for public facing presence	Security & Performance Enhancements not yet implemented for public facing presence

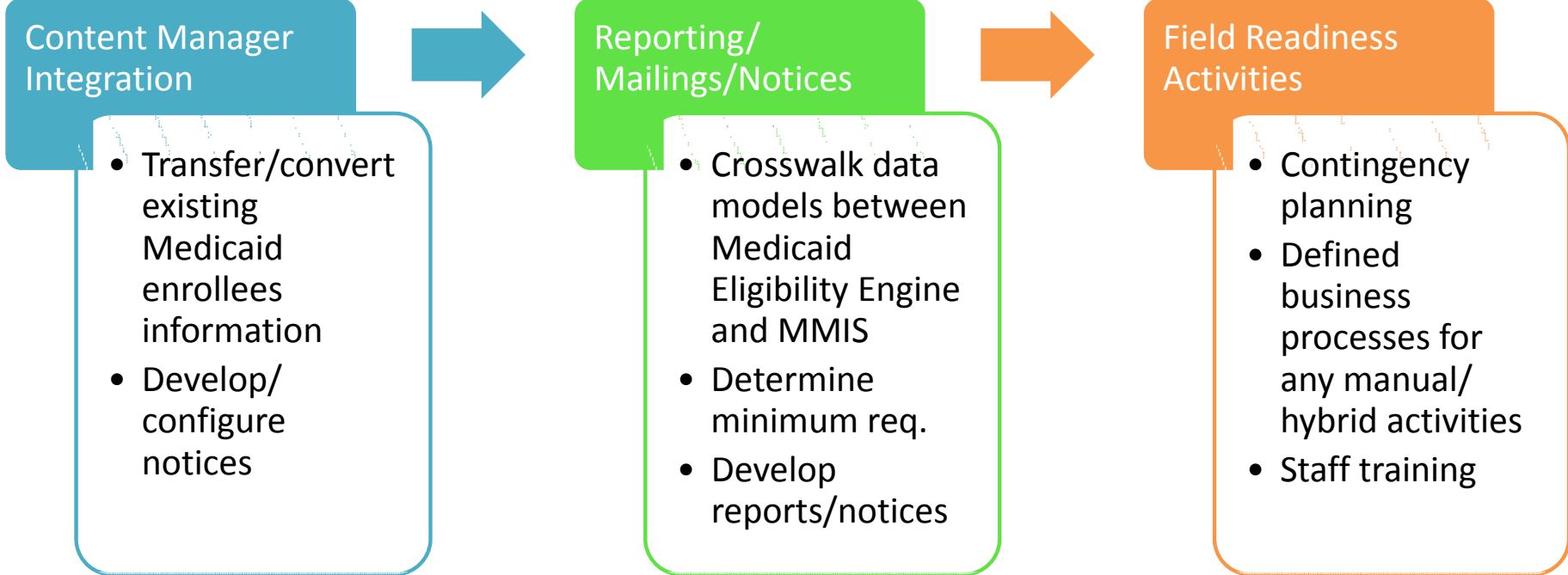
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Planning Efforts with Oregon Health Authority

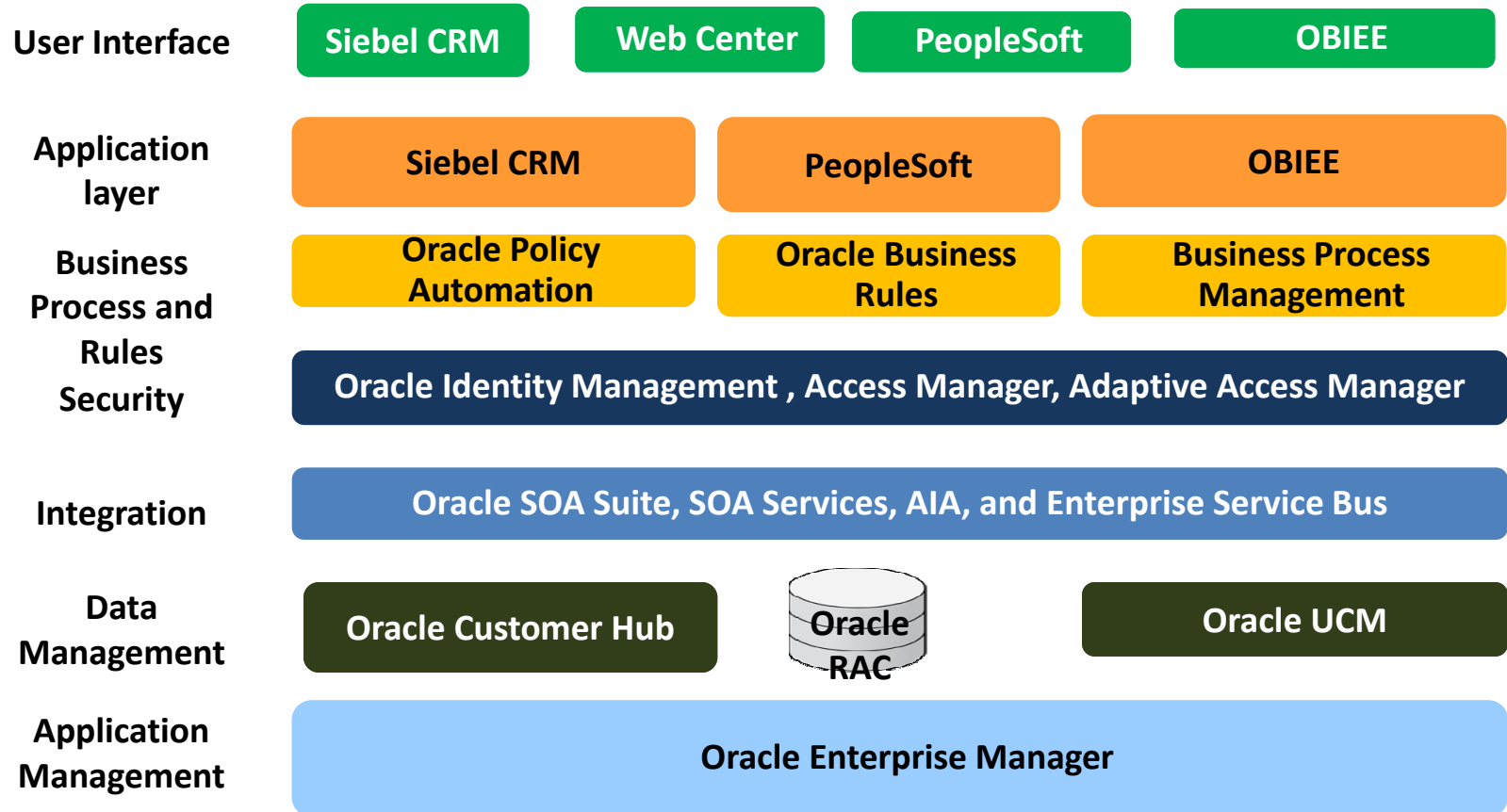


Note: These two boxes will involve work with FFM team

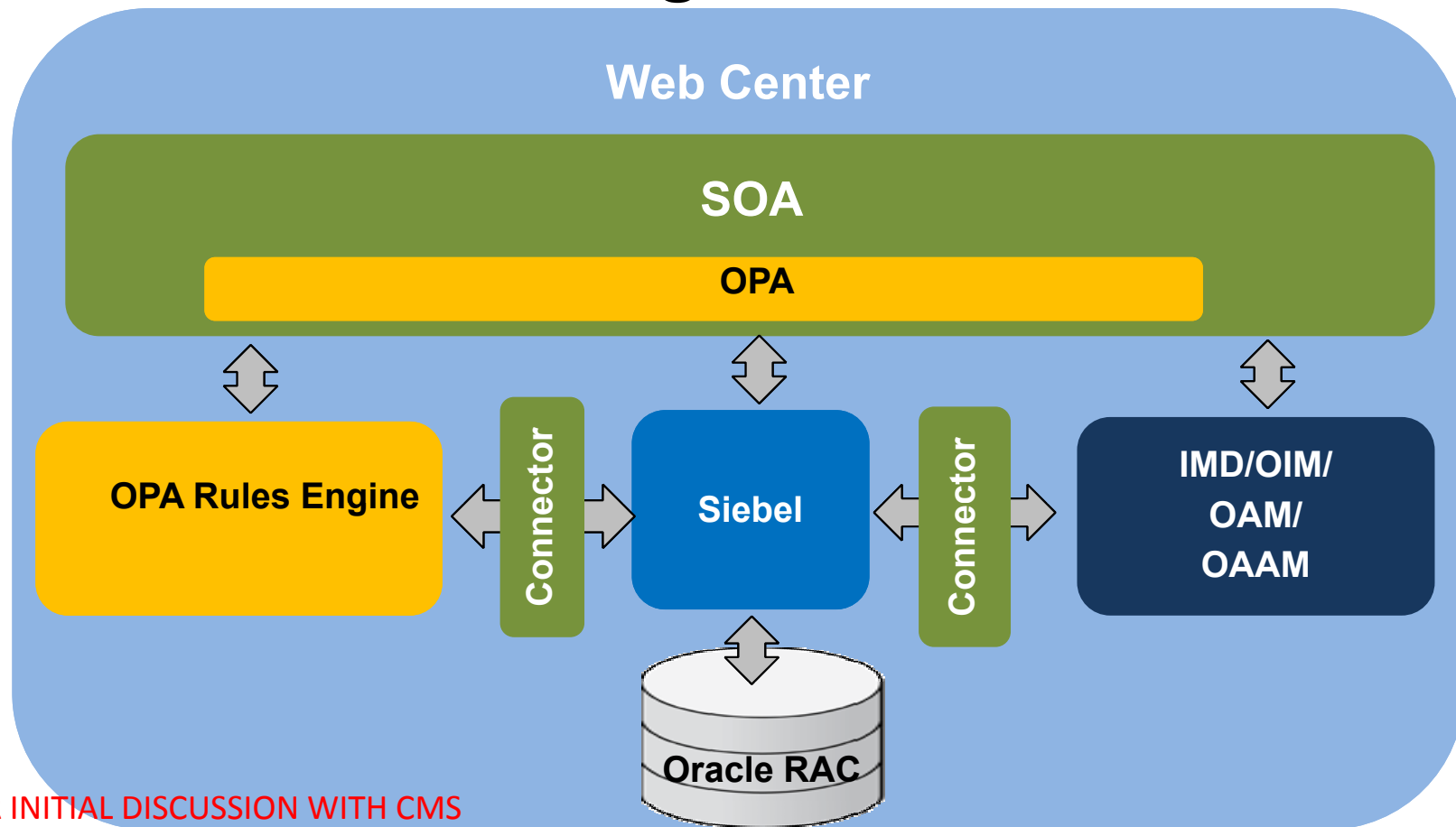
Planning Efforts with Oregon Health Authority



Existing CO & OHA System Technology Stack

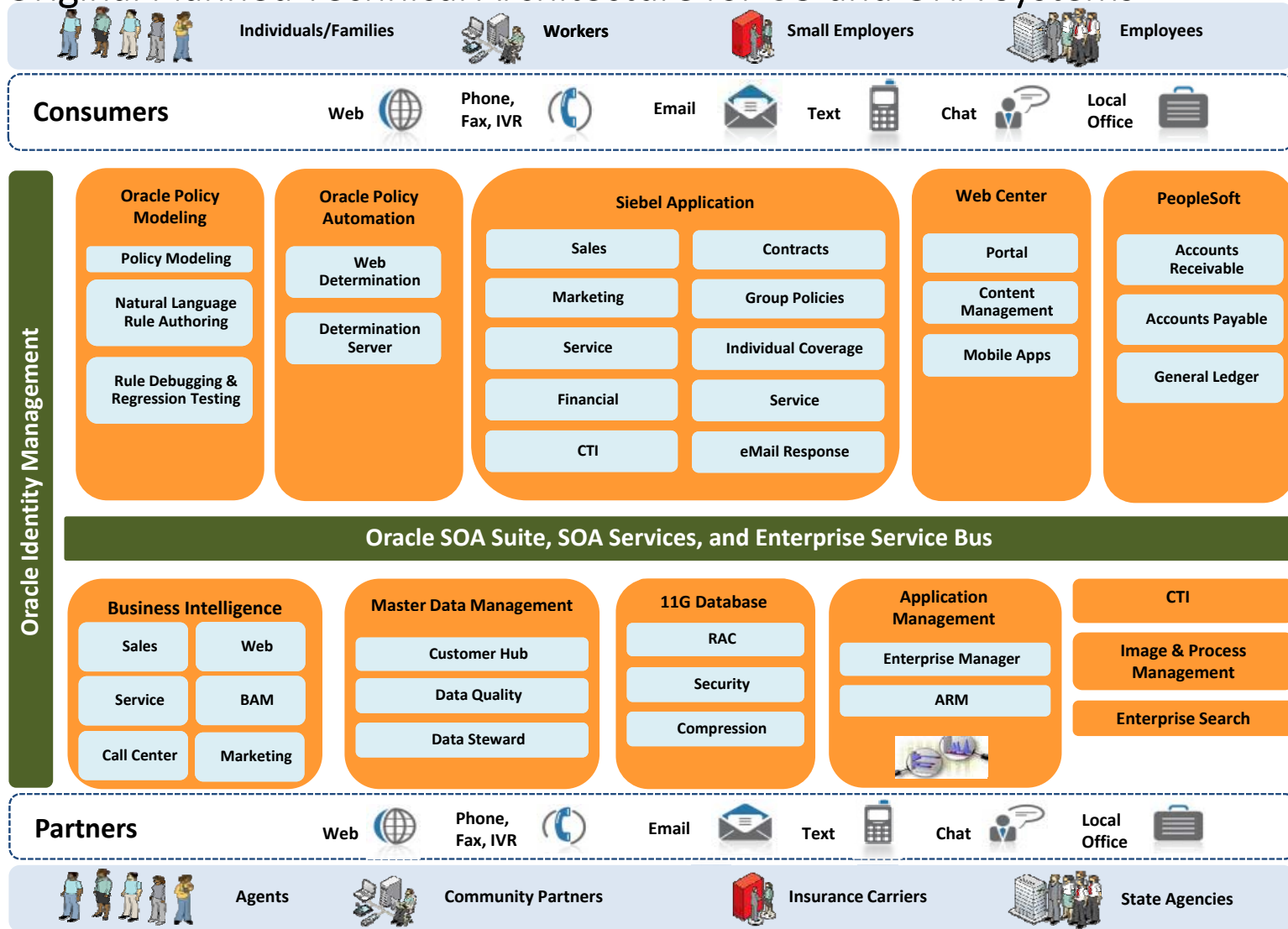


Existing CO & OHA System Technology Stack Integrations



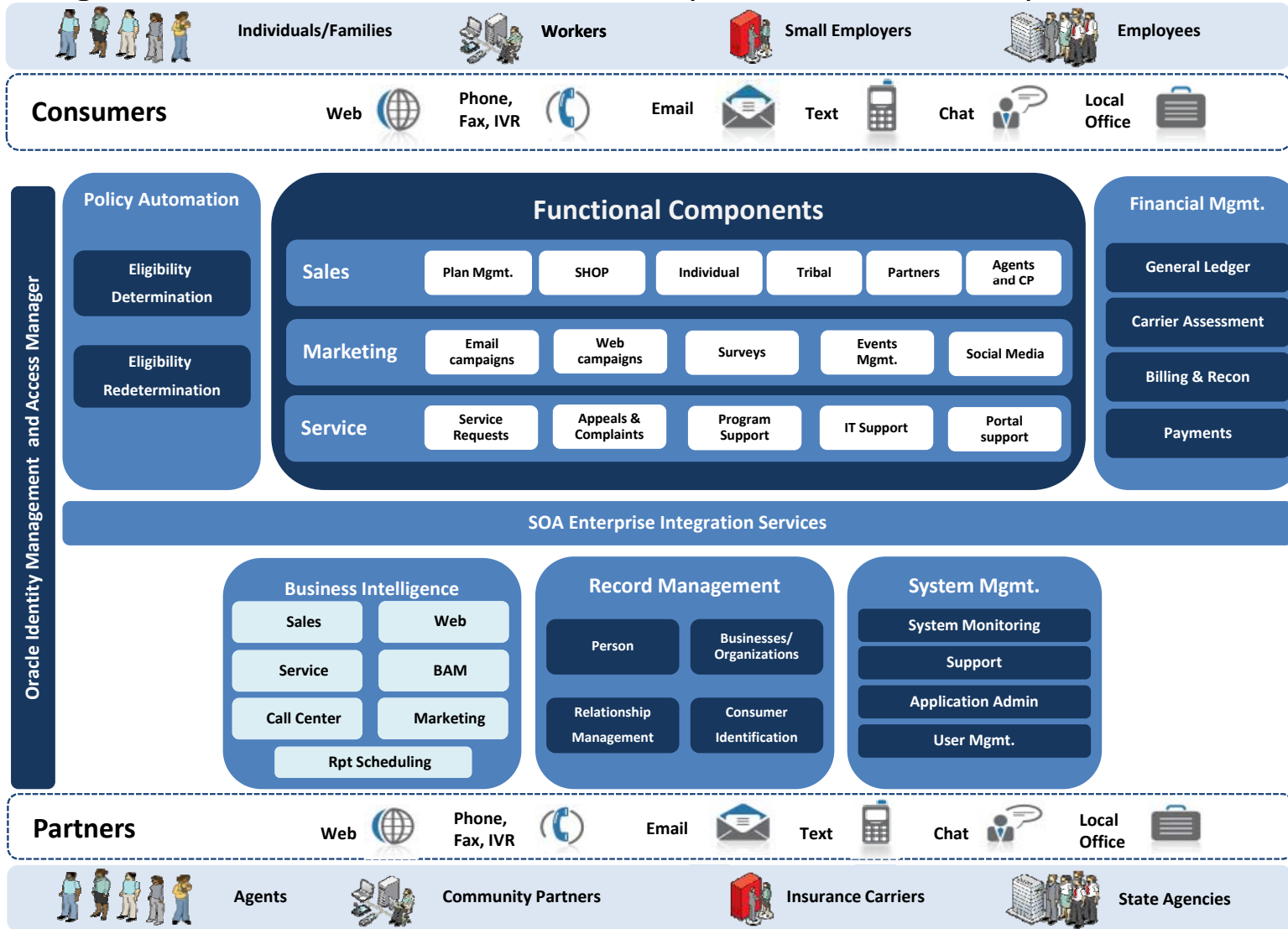
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Original Planned Technical Architecture for CO and OHA Systems



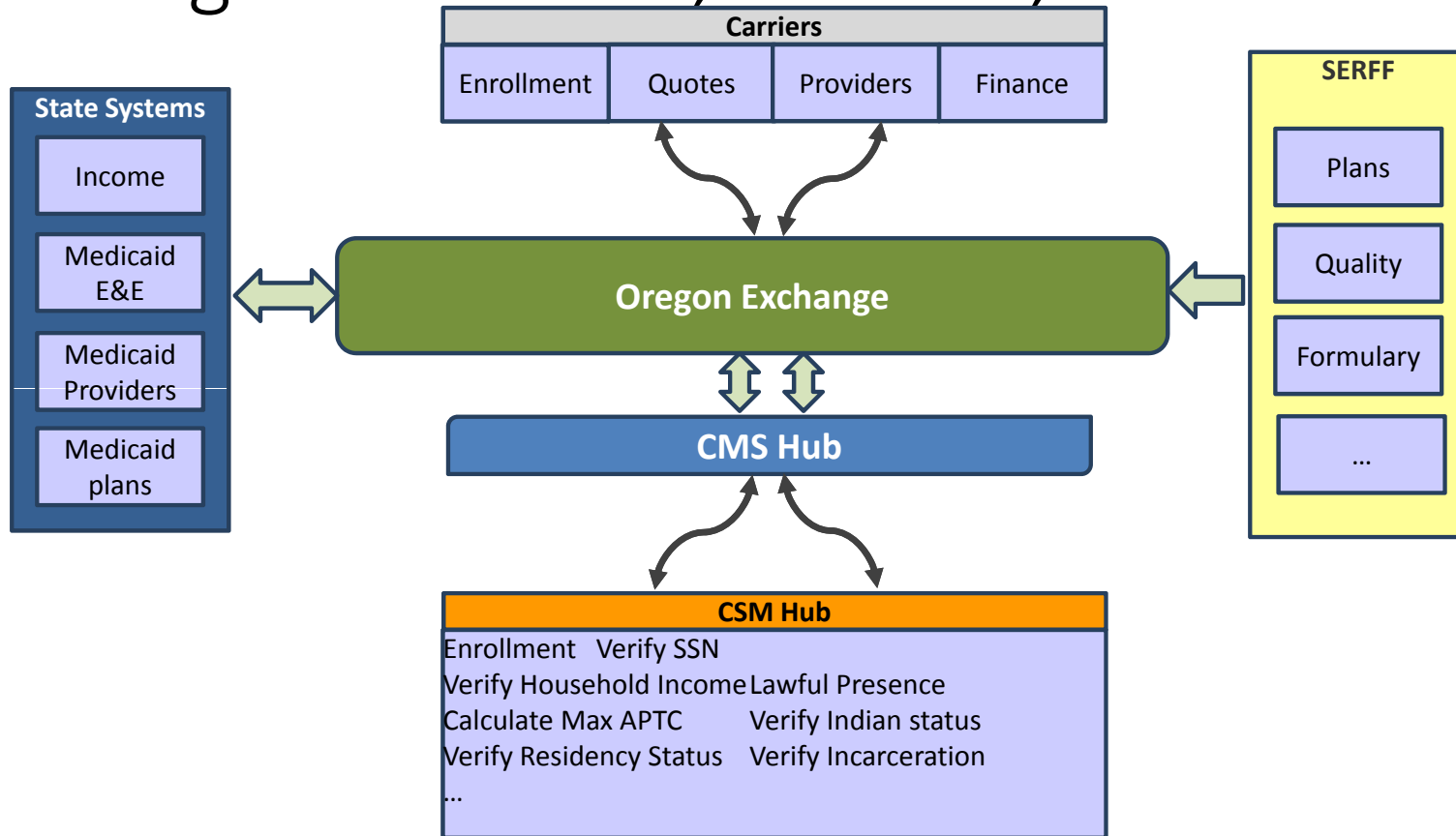
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Original Planned Business Functionality for CO and OHA Systems



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Originally Planned Interfaces for CO System - High Level Data, Sources, and Flow



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Existing CO System Interfaces

CMS Hub

- SSA
- IRS
- DHS-VLP
- Experian
- Non-ESI MEC

AI Optum

- Carrier Provider Data
- Provider Directory

SERFF/HIOS

- Receive Plan Benefit Info

Existing CO System Interfaces

OHA

- Medicaid Eligibility & Determination Data Store Verification

Financial Related

- PeopleSoft
- US Bank

Notice Interface

- State Print Plant

Existing OHA Interfaces

MMIS

- Enrolls OHP eligibles
- Batch process or real-time transaction

MDM

- Copy of legacy CI system with master client records
- Checks for duplicates during pre-enrollment processing

MDM to CI

- CI updates MDM on a regular basis with an automated refresh
- MDM to CI creates a new record and a new unique ID for new enrollees to OHA in past

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QHP Plan Management & Agency Broker Activities

QHP Plan Management

Exchange Function	FFM	Cover Oregon	Oregon Health Authority
Review of QHPs (incl. data accuracy of Rate Setting)		X	
Provide recommendations for certification		X	
Systems for QHP Review		X	
Final Approval Certification/Recertification of QHPs	X		
System to receive data for Certifications and Display on Plan Compare (through SERFF)	X		
QHP Compliance & Oversight	X	X	
Timelines for QHP Certification	X		
Quality Reporting (Follow up)	X (any display on plan compare)	X(? Align to State Metric Work)	

QHP Planning Efforts with FFM

QHP Plan Mgmt

- Plan Submissions (includes CSRs)
- DSH/EDI Interface Planning
- EFT Configuration



QHP Eligibility & Enrollment

- Load State Eligibility Reference Data
- Financial Management (User Fees, CSR Eligibility rules)
- Technical Configuration
- Call Center Configurations

Proposed QHP Certifying Timelines

- Timeline driven by Rate Setting Timeline – (may need to be adjusted for CMS FFM required timelines)
- Carrier Submissions – June 2
- State Review and Carriers Notified of Rate - early August
- Final Rate Decision Summary – mid-September

- Question: Does Oregon use the same QHP Certification template that FFM accepts without modification?

QHP Issuers Not on FFM

- Providence Health Systems
- Atrio
- Trillium
- Health Republic
- Oregon's Health Co-op

QHP Issuers Not Currently on FFM

- CMS Question: Are your non-FFM issuers able to conduct enrollment transactions in the 834 format?
- CMS Question: Are any of your issuers currently set up to support a direct enrollment process?

Plan Management Discussion Questions

- Oregon: Does state have to have plan mgmt module, certification process at state, and button to push to FFM?
- Oregon: Will someone from CO be able to log into FFM to certify plan for sale on exchange?
- Oregon: Carrier Outreach - conduit between carrier & FFM? Insight into FFM and functionality?
- Oregon: State Metric Work - Append to SERFF file or????

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Consumer Facing Activities

Consumer & Stakeholder Management

Exchange Function	FFM	Cover Oregon	Oregon Health Authority
Stakeholder Consultation		X	X
Tribal Consultation		X	X
Outreach & Education		X	X
Navigators	X		
In-Person Assister Program		X	X
Licensure for Agents/Brokers		X	
Registration/Training Agents/Brokers on FFM	X		
Web Brokers	X		
Call Center	X (QHP & Initial OHP)		X (OHP)
Public Website Portal	X	?? For consumer ed?	X (OHP)

Discussion Questions

- CMS Question: Are you planning to do outreach & in-person assistance?
- CMS Question: What is your plan to refine the scope of your customer services contracts to ramp down (call center for 2014 enrollees only), transition to website focus to redirect 2015 consumers?
- Oregon Question: How does Oregon pass information about agent licensure to FFM?

From: GOLDBERG Bruce [REDACTED] GOLDBERG STATE EMAIL
Sent: 3/7/2014 11:30:20 PM +0000
To: KARJALA Aaron [REDACTED] <[REDACTED]@orhix.org>; PETTIT Alex * CIO

CC: Hutchings Laura [REDACTED]
Subject: Meeting Info - Cover Oregon IT planning
Attachments: Meeting 1 Agenda.pptx; AlternativeTechAltData_20140307.pptx; Cover Oregon Master Deck_02-09-14 V13.pdf; Alternatives Assessment Placemat 02092014_V6_PDF.pdf

Thank you all for participating in the future planning process for IT alternatives for Cover Oregon.

The first meeting will be this Tuesday March 11 from 9 a.m. – 11:30 a.m. at Cover Oregon

[REDACTED]

A call in number will be forwarded to you on Monday for those that cannot attend in person.

Attached are some advanced info/reading in preparation:

An Agenda

An analysis of potential alternatives – “cover oregon master deck”

Summary of Alternatives – “alternativestechaltdata”

A one page summary - “alternatives placemat”

bruce

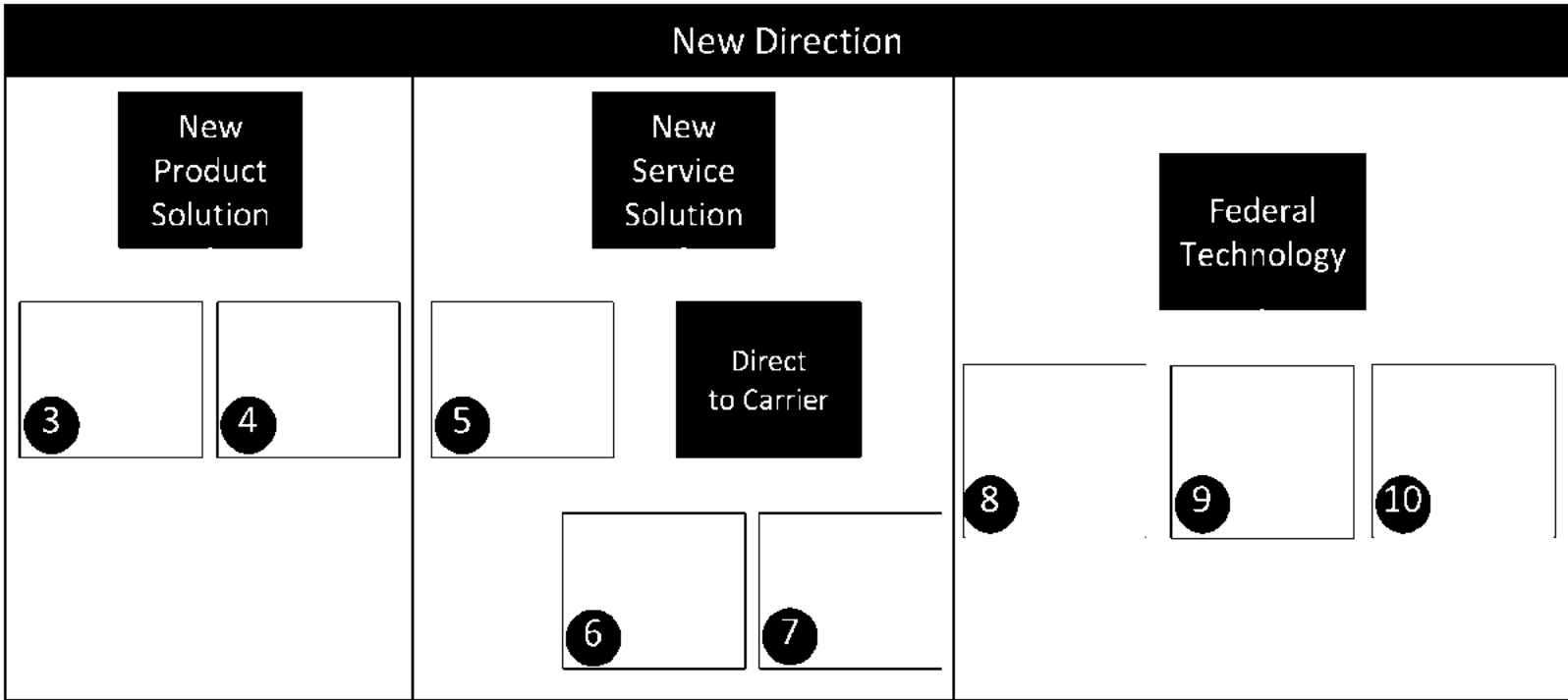
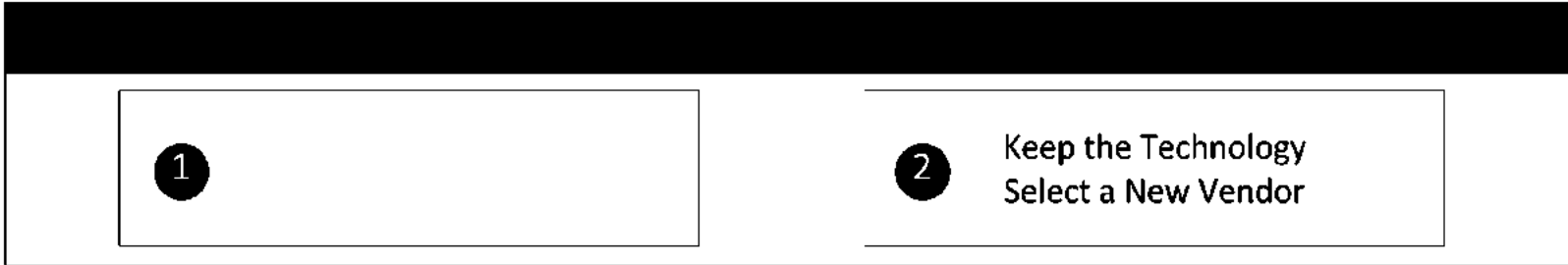
Bruce Goldberg, MD

Meeting 1 Agenda: 3/11/2014

Understand Alternatives

- Orientation
 - Objectives
 - Schedule
 - Roles
 - Approach
- Current technology status
- Technology alternatives overview
- Meeting 2 preparation

Solution Alternatives



Summary Analysis: Stay the Course, Keep the Vendor

Description: Continue to use the current technology (with significant remediation and enhancement), and keep Oracle as vendor of production support and enhancement services.

Product Performance: The solution is currently in production serving customer support applications and Community Partner and Agent portal

Time Estimate	Technical Feasibility	Risk
<ul style="list-style-type: none"> • Open Enrollment 2015 including Public Launch, Change of Circumstance, Renewal, & Stabilization (2/10/2014 -11/14/2014) <ul style="list-style-type: none"> - Design: 8 weeks - Build: 16 weeks - Test: 8 weeks - UAT: 6 weeks - Deployment/Contingency: 2 weeks 	<ul style="list-style-type: none"> • The current solution is highly complex (consisting of several packaged application technologies that have been extensively customized) • Several enhancements are pending: – Change Reporting, Renewals, SHOP <ul style="list-style-type: none"> – Usability and Data Quality (e.g., User Acct Mgmt Dashboard, Dental Shopping, Carrier Portal/Interfaces, Sales Force Automation) • It appears that additional project management and testing rigor will be required to stabilize the solution • The backlog contains estimated 1,500 open functional/performance defects • Additional remediation appears necessary to address architecture, design, code quality, data, deployment, and training issues • Compliance with CMS regulations, HIPAA, and PII is difficult to confirm (e.g., due to data quality issues) 	<ul style="list-style-type: none"> • The vendor relationship with Oracle has been difficult • Oracle has delivery capability has been very poor • Code quality has been poor requiring significant remediation • The current technical architecture is overly complex

Summary Analysis: Stay the Course, New Vendor

2

Description: Continue to use the current technology (with significant remediation and enhancement), but replace Oracle as vendor of production support and enhancement services.

Product Performance: The solution is currently in production serving customer support applications and Community Partner and Agent portal

Time Estimate	Technical Feasibility	Risk
<ul style="list-style-type: none"> • In order to have an adequate window to complete Vendor Transition and Release 2 Implementation before the next open enrollment period, transition activities should start immediately • Detailed Vendor Transition Assessment and SOW: 6 weeks (2/24/2014 – 4/4/2014) • Vendor Transition: 12 weeks (4/7/2014 – 6/27/2014) • Open Enrollment 2015 including Public Launch, Change of Circumstance Renewal, & Stabilization (2/10/2014 – 11/14/2014) <ul style="list-style-type: none"> – Design: 8 weeks – Build: 16 weeks – Test: 8 weeks – UAT: 6 weeks – Deployment/Contingency: 2 weeks 	<ul style="list-style-type: none"> • The current solution is highly complex (consisting of several packaged application technologies that have been extensively customized) • Several enhancements are pending: – Change Reporting, Renewals, SHOP <ul style="list-style-type: none"> – Usability and Data Quality (e.g., User Acct. Mgmt Dashboard, Dental Shopping, Carrier Portal/Interfaces, Sales Force Automation) • It appears that additional project management and testing rigor will be required to stabilize the solution • The backlog contains estimated 1,500 open functional/performance defects • Additional remediation appears necessary to address architecture, design, code quality, data, deployment, and training issues • Compliance with CMS regulations, HIPAA, and PII is difficult to confirm (e.g., due to data quality issues) 	<ul style="list-style-type: none"> • Assumes critical mass of Oracle resources are available to transfer knowledge to new vendor • Knowledge transfer may be incomplete • Selection of new vendor will likely delay implementation of core functionality if a competitive bidding process is mandatory

Summary Analysis: State Based Marketplace (SBM) Transfer

Description: Import a functioning State Based Marketplace (SBM) from one of the 17 states that were granted approval by CMS to build and operate an SBM

Product Performance: As of October 1st, 2013, five SBMs are demonstrating recognized success in performing required end-to-end functions for shopping and comparison, eligibility, and enrollment into health plans

Time Estimate	Technical Feasibility	Risk
<ul style="list-style-type: none"> • The software development lifecycle (SDLC) time estimates for a transfer solution is estimated as follows: <ul style="list-style-type: none"> – Requirements: 3-6 weeks – Design: 8-12 weeks – Configuration / Development / Unit Testing: 10-14 weeks – Systems Integration Testing: 14-18 weeks – User Acceptance Testing: 16-20 weeks – Deployment: 37 weeks (distributed with multiple releases) • To achieve this timeline it is assumed the transfer solution will meet CO's needs with minimal customizations 	<ul style="list-style-type: none"> • The sample SBM uses Java-based technology which is compatible with CO's infrastructure • Sample SBM's phased implementation approach allows for incremental development with scope management to lower the technical risk • Use of Service-Oriented Architecture (SOA) promotes the ease of collaboration and integration with CO's existing SOA environment • Solution's open architecture makes integration with other systems lower risk • Current standard CMS reports have been developed; custom reporting capabilities exist • The transfer solution is compliant with CMS regulations, HIPAA and PII 	<ul style="list-style-type: none"> • A system transfer of an SBM has not been completed for a new SBM • The selection process to identify the best fit transfer SBM could delay implementation of key functionality deliverables for 2015 open enrollment • Selection of new vendor to manage the SBM transfer could likely delay implementation of core functionality if a competitive bidding process is mandatory

Summary Analysis: Exeter Solution

Description: Purchase Exeter Commercial Off-the-Shelf (COTS) portal solution and integrate with other components currently implemented with the current Cover Oregon solution

Product Performance: Per Exeter sales management, the solution is implemented in Vermont and Hawaii' under the same code base.

Time Estimate	Technical Feasibility	Risk
<ul style="list-style-type: none"> Exeter submitted a proposal to CO indicating a four-week implementation timeline. However the Exeter product does not represent a complete solution. Exeter's OneGate product was a component of the Hawaii and Vermont SBM's. Both technology implementations were ~10 months in duration. A CO implementation would require integrating Exeter OneGate with document management, master data management, business analytics and reporting, financial management, call center technology and extensive external interface technologies. 	<ul style="list-style-type: none"> Exeter OneGate core functionality is limited to basic portal capabilities. Exeter OneGate product is built on an Oracle technology stack resulting in the same complexity that the CO Exchange is built on. The integration with other Oracle components around document management, business analytics and reporting makes the transition highly complex 	<ul style="list-style-type: none"> Based on publically available information, Exeter's solution has not been tested in an end-to-end solution. Selection of new vendor to manage the integration of Exeter OneGate with critical CO functionality could likely delay implementation of core functionality if a competitive bidding process is mandatory

Summary Analysis: Software as a Service (SaaS) for SHOP Only

Description: Contract out SHOP functionality to a Software as a Service (SaaS) vendor. Contracting with a SHOP vendor is a partial solution. It does not replace the need for a fully functional Individual Marketplace. The analysis of this alternative assumes an Individual Marketplace leveraging the current technology with a new vendor.

Product Performance: SHOP delivered through a Software as a Service model is available in the market by Bswift

Note: This alternative requires additional research

Time Estimate	Technical Feasibility	Risk
<ul style="list-style-type: none"> Based on the case study for Access Health CT (Connecticut's Exchange) SHOP, implementing SHOP Exchange using a SaaS vendor is expected to take approximately five to six months 	<ul style="list-style-type: none"> The current Access Health CT's SaaS vendor (bswift) has a solution that is already been configured to meet CMS requirements, including dashboards for affordability tests. The solution is also ACA and HIPAA compliant 	<ul style="list-style-type: none"> Implementing SaaS for the SHOP Exchange functionality presents low technical risk as the software is hosted by the vendor There is some potential the SHOP will be deferred an additional year

Summary Analysis: Direct-to-Carrier (DTC) Enrollment

Description: *The direct-to-carrier (DTC) model allows CO to provide an additional enrollment channel through insurance carriers; however, DTC does not reduce the need for closing existing functionality gaps in the existing CO solution. This capability provides CO a potential reduction in certain enrollment transactions and reduction in transaction time. In short, the DTC capability is not a replacement of full Exchange functionality, as it still requires CO to build and maintain functionality for end-to-end Exchange operations*

Product Performance: *Not currently available in the marketplace would need to be state base marketplace transfer*

Time Estimate	Technical Feasibility	Risk
<ul style="list-style-type: none"> • The timeline estimate for implementing the DTC capability is based on the Kentucky Exchange, as they are currently the allowing direct enrollment through carriers • Using the DTC capability, the carrier can facilitate eligibility determination for Medicaid and subsidies by navigating the applicant from the carrier’s website to and from the CO website; security and testing needs to successfully install this capability is a strong driver for the time needed to implement • CO’s timeline is dependent on the carriers’ timeline for meeting the CMS authorization requirements (authorization to become an entity allowed to perform enrollment and installing the technology) 	<ul style="list-style-type: none"> • This requires a change to each of the carrier sites to support real-time integration with an SBM • The required interface delivery is of medium complexity. 	<ul style="list-style-type: none"> • Although there is an expectation the federal DTC capability will be functioning soon, it is not yet working successfully. The difficulties with their implementation might indicate a greater degree of risk for CO. • The security concerns for the DTC capability requires additional security technology. This additional security has been a challenge to meeting high volume transaction processing needs. • While the solution adds an enrollment channel, it does not replace the need for a fully functioning exchange. Pursuing this for 2015 Open Enrollment could diffuse focus from other CO Exchange deliver. • It could prove difficult to complete the integration work for the 16 carriers currently involved with the CO Exchange

Summary Analysis: Direct-to-Carrier (DTC) Exchange Lite

Description: *The direct-to-carrier (DTC) “Exchange-lite” solution allows CO to utilize carriers for all application, plan selection, enrollment and consumer service activities. This solution would eliminate the need for a CO website and call center, allowing carriers to call a web service for eligibility determination and allow CO to streamline the solution with the Modernization project.*

Product Performance: *This model does not currently exist in the marketplace*

Time Estimate	Technical Feasibility	Risk
<ul style="list-style-type: none"> • The DTC “Exchange-lite” model is not currently operational nor is it authorized by CMS (e.g, does not allow for comparing plans across carriers). Therefore, holding discussions with CMS and getting their approval for this alternative will be a critical path activity • CMS would also need to authorize carriers to use the navigator tools that support consumer assistance • This solution timeline is heavily dependent of carriers’ timeline for meeting anticipated CMS authorization requirements and installing the technology is a key timeline dependency • The security and testing needs to successfully install this capability is a strong driver for the time needed to implement • The timeline for the technology selected may impact the timeline 	<ul style="list-style-type: none"> • The web service to connect carriers with either CO’s or Oregon’s State Medicaid eligibility and subsidy determination modules does not currently exist and would need to be developed and tested, including significant system integration and user testing • The solution would be heavily dependent on carriers successful implementation of the web service and their updates to their enrollment solutions to capture the information required for an eligibility determination • Assurances of appropriate stress testing of the carrier’s capabilities working with the web service would be important to assure they can handle the anticipated peak volumes 	<ul style="list-style-type: none"> • The solution does not currently exist • It is unlikely the solution to integrate with Cover Oregon’s 16 carriers could be completed in a timely fashion

Summary Analysis: Federally Technology -Individual & SHOP

Description: CO would transition to the Federally Facilitated Marketplace (FFM) for both Individual and SHOP Exchanges.

Product Performance: 27 states are currently using the FFM solution

Note: Only one-time implementation costs are considered in the TCO, confirming on-going costs

Time Estimate	Technical Feasibility	Risk
<ul style="list-style-type: none"> • Obtaining the necessary state and federal approvals is estimated to take 7-9 weeks • The software development lifecycle (SDLC) for using the FFM solution implementation is estimated as follows: <ul style="list-style-type: none"> – Requirement: 3-5 weeks – Design: 4-6 weeks – Configuration / Development / Unit Testing: 7-9 weeks – Testing: 3-5 weeks – Deployment: X-X • The amount of time is primarily driven by work required for the file transfers with the FFM 	<ul style="list-style-type: none"> • The file transfer requirements and specifications from CMS' perspective are already defined 	<ul style="list-style-type: none"> • Utilizing the FFM presents a low risk for CO's technical infrastructure

Summary Analysis: Federal Technology - Partnership

Description: *The FFM Partnership solution allows CO to continue to manage the plan management and consumer assistance activities – both operationally and technically. The largest challenges are closing down a large portion of CO operations and enabling the technical connectivity with the federal Exchange.*

Product Performance: *27 states are currently using the FFM solution and CO has the public website with required functionality*

Note: *Only one-time implementation costs are considered in the TCO, confirming on-going costs*

Time Estimate	Technical Feasibility	Risk
<ul style="list-style-type: none"> The timeline for the FFM Partnership alternative is the same as the full FFM as the same work is required of CO for either model. Plan management and consumer assistance activities would remain on the current public site. 	<ul style="list-style-type: none"> The technical feasibility and risk for the FFM Partnership alternative is the same as for the full FFM alternative because, as with the Full FFM alternative, the file transfer requirements and specifications from CMS' perspective are already defined. 	<ul style="list-style-type: none"> Utilizing the FFM presents a low risk for CO's technical infrastructure

Summary Analysis: Federal Technology - Hybrid

Description: Allows CO to operate SHOP using a Software as a Service (SaaS) while using the FFM for individual market functions. The largest challenges are closing down a large portion of CO operations and enabling the technical connectivity with the federal Exchange

Product Performance: 27 states are currently using the FFM solution and a SHOP SaaS vendor (Bswift) has a offering in the market

Note: Only one-time implementation costs are considered in the TCO, confirming on-going costs
 Only one-time implementation costs are considered for the FFM individual component, while both one-time implementation and on-going cost are considered for the SaaS SHOP component of the solution

Time Estimate	Technical Feasibility	Risk
<ul style="list-style-type: none"> • The timeline for implementing the individual market component of the FFM Hybrid alternative is the same as for the full and partnership FFM alternatives—5-8 months • The timeline for implementing the SHOP component of the FFM hybrid alternative is the same as implementing SHOP using a SaaS vendor--approximately 5-6 months; however, the SHOP implementation timeline could vary depending on the SaaS vendor selected. 2 	<ul style="list-style-type: none"> • The technical feasibility and risk for the individual market component of the FFM hybrid alternative is the same as for the full and partnership FFM alternatives • The technical feasibility and risk for the SHOP component of the FFM hybrid alternative is the same as SaaS for only the SHOP • Implementing SaaS for only the SHOP functionality presents low technical risk because the software is hosted by the vendor 	<ul style="list-style-type: none"> • Utilizing the FFM for individual presents a low risk for CO's technical infrastructure • Implementing SaaS for the SHOP Exchange functionality presents low technical risk as the software is hosted by the vendor • There is some potential the SHOP will be deferred an additional year

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Background

- Oregon selected Oracle Corporation to design, develop and implement its SBM
- In July 2012, Governor sent letter of intent to establish a State Based Marketplace (SBM)
- In July 2012, Oregon decided to cancel the System Integrator (SI) RFP for the SBM and Modernization projects. Oregon decides to be their own SI
- In December 2012, CoverOregon received conditional approval to operate its SBM
- On October 1, 2013, CoverOregon opened for business without a fully functioning website; Information pages are available but Oregonians must apply via paper applications
- Today, the website has been made available to Customer Service Representatives with a planned release to Community Partners later in the week. An assessment of public readiness will be made over the next several weeks

Assessment

Purpose

- CoverOregon is evaluating alternatives to consider relative to their future SBM
- Deloitte was hired to conduct an analysis on the alternatives and provide options

Objectives

- Provide an assessment of the multiple alternatives available to CO to meet their requirements and the healthcare purchasing needs
- Using qualitative and quantitative (where applicable) analysis, evaluate alternatives against set criteria

Options Overview

<p>“Stay the Course” – Assess the alternatives if CO keeps the current technology and/or vendor. For this option, two alternatives were considered:</p> <p>Keep the current vendor</p> <p>Keep the current technology</p>	<p>“New Role for CO” – Assess other methods that CO could use to facilitate enrollment. For this option, three alternatives were considered:</p> <p>Regional Exchange</p> <p>Software as a Service (SaaS)</p> <p>Direct to Carrier</p>
<p>“New Solution for CO” – Assess replacement solution alternatives for SBM. For this option, two alternatives were considered:</p> <p>Transfer SBM</p> <p>Use Exeter solution</p>	<p>“Transition to the Federally Facilitated Marketplace (FFM)” – Assess options for transitioning to the FFM. For this option, three alternatives were considered:</p> <p>FFM for Individual and SHOP</p> <p>FFM Partnership Model</p> <p>FFM Hybrid Model</p>

Evaluation Approach

Each alternative includes relevant background information, assumptions and the methodology and rationale for conducting the analysis. Three primary criteria were used to evaluate the alternatives and options:



Timeline – What is the estimated time to implement the alternative from go-forward date to a working solution launch date (specifically with the 2014 open enrollment date in mind)?



Cost – What is the estimated go-forward implementation cost of the alternative?



Technical Feasibility/Cost – What is the technical difficulty/risks of the alternative?

Summary of Analysis

See attached placemat.

1.1: Stay the Course, Keep the Technology: Summary of Analysis

The Stay the Course - Keep the Technology approach allows Cover Oregon to continue use of the current technology (with significant remediation and enhancement), but would replace Oracle as vendor of production support and enhancement services. Analysis indicates that this solution will have medium technical risk and would take until November 2015 to implement at a cost of \$22M in 2014 plus 150K hours in 2015. In addition, Oracle would need to participate in transition, enhancement, remediation, and production support through June 2014, which could add up to 100K additional hours.

Time Estimate 21 months	Technical Feasibility Medium Risk	Cost Estimate \$22 Million in 2014 *
<ul style="list-style-type: none"> • In order to have an adequate window to complete Vendor Transition and Release 2 Implementation before the next open enrollment period, transition activities should start immediately • Detailed Vendor Transition Assessment and SOW: 6 weeks (2/24/2014 – 4/4/2014) • Vendor Transition: 12 weeks (4/7/2014 – 6/27/2014) • Release 2 Implementation: 40 weeks (2/10/2014 – 11/14/2014) <ul style="list-style-type: none"> – Design: 8 weeks – Build: 16 weeks – Test: 8 weeks – UAT: 6 weeks – Deployment/Contingency: 2 weeks • Release 3 Implementation: 52 weeks (11/17/2014 – 11/13/2015) • It may be possible to break Releases 2 and 3 into multiple sub-releases 	<ul style="list-style-type: none"> • The current solution is highly complex (consisting of several packaged application technologies that have been extensively customized) • Several enhancements are pending: <ul style="list-style-type: none"> – Change Reporting, Renewals, SHOP – Usability and Data Quality (e.g., User Acct, Mgmt Dashboard, Dental Shopping, Carrier Portal/Interfaces, Sales Force Automation) • It appears that additional project management and testing rigor will be required to stabilize the solution • The backlog contains estimated 1,500 open functional/performance defects • Additional remediation appears necessary to address architecture, design, code quality, data, deployment, and training issues • Compliance with CMS regulations, HIPAA, and PII is difficult to confirm (e.g., due to data quality issues) 	<ul style="list-style-type: none"> • Implementation costs: \$22M for 195K hours in 2014 (additional 150K hours required in 2015) <ul style="list-style-type: none"> – Enhancing the solution: 220K hours <ul style="list-style-type: none"> • Incl. 50K hours to remediate existing architecture, design, code quality, data, deployment, and training issues (primarily to improve long-term supportability/upgradeability/scalability) – Performing more thorough testing: 80K hours – Planning and executing the transition to a new vendor: 40K hours • Maintenance costs: \$3.5M for 30K hours in 2014 <ul style="list-style-type: none"> – Production support in 2015: 70K hours – Above 2014 and 2015 efforts include 40K hours to resolve an assumed 2,000 existing functional/performance defects (1,500 already logged and 500 expected to be identified in the future) – Not included are: <ul style="list-style-type: none"> • Help desk (level 1) support • Infrastructure and product support (Hosting/License budgets not changing)

* The effort/cost figures above are for the **new vendor only** and assume that Oracle will also participate in transition, enhancement, remediation, and production support through June 2014, which could add up to another 100K additional hours.

1.2: Stay the Course, Keep the Vendor: Summary of Analysis

The Stay the Course - Keep the Vendor approach allows Cover Oregon to continue use of the current technology (with significant remediation and enhancement) and would keep Oracle as vendor of production support and enhancement services. Analysis indicates that this solution will have medium technical risk and would take until November 2015 to implement at a cost of \$45M in 2014 plus 150K hours in 2015.

Time Estimate 21 months	Technical Feasibility Medium Risk	Cost Estimate \$45 Million in 2014
<ul style="list-style-type: none"> • Release 2 Implementation: 40 weeks (2/10/2014 – 11/14/2014) <ul style="list-style-type: none"> – Design: 8 weeks – Build: 16 weeks – Test: 8 weeks – UAT: 6 weeks – Deployment/Contingency: 2 weeks • Release 3 Implementation: 52 weeks (11/17/2014 – 11/13/2015) • It may be possible to break Releases 2 and 3 into multiple sub-releases 	<ul style="list-style-type: none"> • The current solution is highly complex (consisting of several packaged application technologies that have been extensively customized) • Several enhancements are pending: <ul style="list-style-type: none"> – Change Reporting, Renewals, SHOP – Usability and Data Quality (e.g., User Acct, Mgmt Dashboard, Dental Shopping, Carrier Portal/Interfaces, Sales Force Automation) • It appears that additional project management and testing rigor will be required to stabilize the solution • The backlog contains estimated 1,500 open functional/performance defects • Additional remediation appears necessary to address architecture, design, code quality, data, deployment, and training issues • Compliance with CMS regulations, HIPAA, and PII is difficult to confirm (e.g., due to data quality issues) 	<ul style="list-style-type: none"> • Implementation costs: \$45M for 215K hours in 2014 (additional 150K hours required in 2015) <ul style="list-style-type: none"> – Enhancing the solution: 285K hours <ul style="list-style-type: none"> • Incl. 50K hours to remediate existing architecture, design, code quality, data, deployment, and training issues (primarily to improve long-term supportability/upgradeability/scalability) – Performing more thorough testing: 80K hours • Maintenance costs: \$12M for 60K hours in 2014 <ul style="list-style-type: none"> – Production support in 2015: 70K hours – Above 2014 and 2015 efforts include 40K hours to resolve an assumed 2,000 existing functional/performance defects (1,500 already logged and 500 expected to be identified in the future) – Not included are: <ul style="list-style-type: none"> • Help desk (level 1) support • Infrastructure and product support (Hosting/License budgets not changing)

2.1: State Based Marketplace (SBM) Transfer Solution: Summary of Analysis

The transfer solution allows CO to import a functioning State Based Marketplace (SBM) from one of the 17 states that were granted approval by CMS to build and operate an SBM. As of October 1st, 2013, five SBMs^{1,2} are demonstrating recognized success in performing required end-to-end functions for shopping and comparison, eligibility, and enrollment into health plans. Using a functioning SBM as a sample, analysis indicates that a transfer solution will have moderate technical risk and is estimated to take 7 – 9 months and \$17 – 20M to implement.

Time Estimate 7 – 9 months	Technical Feasibility Medium Risk	Cost Estimate \$17 – 20 Million
<ul style="list-style-type: none"> • The software development lifecycle (SDLC) time estimates for a transfer solution is estimated as follows: <ul style="list-style-type: none"> – Requirements: 3-6 weeks – Design: 8-12 weeks – Configuration / Development / Unit Testing: 10-14 weeks – Systems Integration Testing: 14-18 weeks – User Acceptance Testing: 16-20 weeks – Deployment: 37 weeks (distributed with multiple releases) • To achieve this timeline it is assumed the transfer solution will meet CO's needs with minimal customizations 	<ul style="list-style-type: none"> • The sample SBM uses Java-based technology which is compatible with CO's infrastructure • Sample SBM's phased implementation approach allows for incremental development with scope management to lower the technical risk • Use of Service-Oriented Architecture (SOA) promotes the ease of collaboration and integration with CO's existing SOA environment • Solution's open architecture makes integration with other systems lower risk • Current standard CMS reports have been developed; custom reporting capabilities exist • The transfer solution is compliant with CMS regulations, HIPAA and PII • A system transfer of a SBM has not been completed for a new SBM 	<ul style="list-style-type: none"> • Go-forward implementation costs will range from \$17M to \$20M, based on the assumed areas of customization • The cost of hardware and software licenses and warranty costs needed to support the SBM transfer solution are not included in this cost estimate • Maintenance costs are not included in this estimate. Maintenance cost is a function of scope and enhancements required to support CO. • A change to the transfer solution's security architecture is not included in this estimate.

¹<http://www.pewstates.org/projects/state/line/headlines/why-some-state-run-health-exchanges-worked-55890525479>

²<http://www.usatoday.com/story/news/nation/2013/12/10/state/line-health-exchange-aca/3951943/>

2.2: Exeter Solution: Summary of Analysis

Based on the available information for this alternative, we could not complete a detailed analysis for timeline, cost, and technical feasibility. Our assessment concludes that implementation time, technical feasibility, costs, and risk associated with this solution is unknown and could not be determined given the dearth of information available.

Time Estimate Unknown	Technical Feasibility Unknown	Cost Estimate Unknown
<ul style="list-style-type: none">• Exeter submitted a proposal to CO indicating a two-week implementation timeline; however there is no evidence of an Exeter product that has been implemented to operationalize an end-to-end SBM• Exeter's OneGate product was a component of the Hawaii and Vermont SBMs, both technology implementation timelines were ~10 months. However, both states have had difficulties with their Exchange implementation• Based upon the limited information, a time estimate could not be developed for this alternative	<ul style="list-style-type: none">• Choosing a solution that has not been successfully installed to meet end-to-end requirements represents a high technical risk• Based on publically available information, Exeter's solution has not been tested in an end-to-end solution presents a high risk for time-consuming implementation defects that will need to be identified and fixed during the testing phase• Exeter indicated its OneGate product is built on an Oracle technology stack and ties Oracle products together into a working Exchange.* Replacing one Oracle-based solution with another is not likely to address the existing CO Oracle-based risk factors and technology issues• It is unclear how the Exeter plan will address existing enrollments nor how the scope of the OneGate solution maps to the capabilities required by a SBM	<ul style="list-style-type: none">• Without more information regarding the Exeter scope and solution proposed to CO, we have no information to estimate that an Exeter solution cost would be any less than the SBM transfer solution cost

*Oracle Healthcare Reform Solutions: Modular, Managed, and MAGi Webcast

3.1: Regional Exchange: Summary of Analysis

Section 1311(f)(1) of the Affordable Care Act provides the option for States to establish Regional Exchanges that operate in more than one State if this operation is permitted by each State and if the Regional Exchange is approved by the Secretary of Health and Human Services. Analysis indicates that a regional Exchange solution is highly unlikely to be a viable option for 2014 open enrollment due to the regulatory requirements involved before the implementation starts. Currently, there is no proven solution of regional Exchange in the marketplace.

Time Estimate 7 – 12 months	Technical Feasibility Medium Risk	Cost Estimate \$17 – 20 Million
<ul style="list-style-type: none"> • The length of time required for this option is driven primarily by CO's ability to obtain the approvals associated with joining a regional Exchange. The critical path will be obtaining legislative authority (1 month) before the requirement phase begins. • The software development lifecycle for a regional HIX solution implementation is estimated to be 9-11 months: <ul style="list-style-type: none"> – Requirement: 6-10 weeks – Design: 12-16 weeks – Configuration / Development / Unit Testing: 14-18 weeks – System Integration Testing: 18-22 weeks – User Acceptance Testing: 16-20 weeks 	<ul style="list-style-type: none"> • There is currently no proven regional Exchange in the marketplace, hence no shared architecture design is available for reference. • CoverOregon would need to accept the technical infrastructure of the regional Exchange • Scalability of the regional Exchange needs to be validated through performance and stress testing to ensure the system can allow both states' customer base. • Governance and manageability can be an issue when critical issues arise. • Tight controls will be enforced to support adherence to a common model/functionality by all participants in the regional Exchange 	<ul style="list-style-type: none"> • Go-forward implementation costs will range from \$17M to \$20M, based on the assumed areas of re-design or customization. • The cost of hardware and software licenses and warranty costs needed to support the regional Exchange solution are not included in this cost estimate • Maintenance costs are not included in this estimate. Maintenance cost is a function of scope and enhancements required to support CO.

<http://www.pewstates.org/projects/stateine/headlines/why-some-state-run-health-exchanges-worked-85899525479>
<http://www.usatoday.com/story/news/nation/2013/12/10/stateine-health-exchange-aca-3951943/>

3.2 a: Software as a Service for Individual and SHOP: Summary of Analysis

CO has the option to contract out the entire Exchange function to a software-as-a-service (SaaS) vendor. Contracting out the entire Exchange function carries a high risk since there is currently no proven successful implementation for a State Exchange.

Time Estimate Unknown	Technical Feasibility High Risk	Cost Estimate ~\$40M
<ul style="list-style-type: none">• There is currently no proven successful implementation of both the individual and SHOP Exchanges using a SaaS vendor as the primary contractor. GetInsured is expected to implement New Mexico's Exchange using SaaS for plan year 2015 with a planned implementation timeline of seventeen months	<ul style="list-style-type: none">• Since there is currently no proven successful implementation of this model, this solution presents a high technical risk for CO• Implementing SaaS for both the individual and SHOP Exchanges can cause technical difficulties in the future when integrating with other systems (e.g., State Eligibility System)	<ul style="list-style-type: none">• GetInsured is expected to implement New Mexico's Exchange using SaaS for plan year 2015 at a cost of \$40M. This is currently the only known contract for a SaaS vendor as the primary contractor for both the Individual and SHOP Exchanges

3.2 b: Software as a Service for SHOP Only: Summary of Analysis

CO has the option to contract out the SHOP functionality to a SaaS vendor. Analysis shows that while contracting out SHOP is not a standalone solution, it likely can be implemented with low technical risk in approximately five to six months, for a minimum cost of \$18M (\$3.6M implementation cost and monthly charges over three years).

Time Estimate 5-6 Months	Technical Feasibility Low Risk	Cost Estimate Minimum of \$18M
<ul style="list-style-type: none"> Based on the case study for Access Health CT (Connecticut's Exchange) SHOP, implementing SHOP Exchange using a SaaS vendor is expected to take approximately five to six months² 	<ul style="list-style-type: none"> Implementing SaaS for the SHOP Exchange functionality presents low technical risk because the software is hosted by the vendor SaaS for the SHOP functionality aligns with CO's strategy for an employee-choice SHOP model The current Access Health CT's SaaS vendor (bswift) has a solution that is already been configured to meet CMS requirements, including dashboards for affordability tests. The solution is also ACA and HIPAA compliant 	<ul style="list-style-type: none"> The cost for SaaS SHOP functionality is a minimum of \$18M, based on the case study of Access Health CT's SHOP functionality¹ This cost is calculated by adding the one-time implementation fee of \$3.6M to the monthly charges for three years, as follows: <ul style="list-style-type: none"> Year 1 = \$460,000 per month Year 2 = \$380,000 per month or PMPM rates (whichever is greater) Year 3 = \$350,000 per month or PMPM rates (whichever is greater) PMPM rates <ul style="list-style-type: none"> <20,000 users, \$28.80 / month >20,000 users, \$23.25 / month The cost for the SaaS SHOP solution will be ~\$18M if there are fewer than 13,195 users in Year 2, and fewer than 12,153 users in Year 3. If the number of users is greater than these amounts, the cost will increase in proportion to the increase in number of users

¹http://www.ct.gov/hw/lib/hw/HealthPass_Contract.pdf

²<http://www.bswift.com/?public/press-release/access-health-ct-selects-healthpass-bswift-solution-to-provide-small-business>

³<http://www.bswift.com/?public/software-and-services-software#comply>

3.3 a: Direct-to-Carrier Enrollment Capability: Summary of Analysis

The direct-to-carrier (DTC) model allows CO to provide an additional enrollment channel through insurance carriers; however, DTC does not reduce the need for closing existing functionality gaps in the CO existing solution. This capability provides CO a potential reduction in certain enrollment transactions and reduction in transaction time. In short, the DTC capability is not a replacement of full Exchange functionality, as it still requires CO to build and maintain functionality for end to end Exchange operations.

Time Estimate 8 – 10 months	Technical Feasibility Medium Risk	Cost Estimate \$2-3 Million
<ul style="list-style-type: none"> • The timeline estimate for implementing the DTC capability is based on the Kentucky Exchange, as they are currently the allowing direct enrollment through carriers • Using the DTC capability, the carrier can facilitate eligibility determination for Medicaid and subsidies by navigating the applicant from the carrier’s website to and from the CO website; security and testing needs to successfully install this capability is a strong driver for the time needed to implement • CO’s timeline is dependent on the carriers’ timeline for meeting the CMS authorization requirements (authorization to become an entity allowed to perform enrollment and installing the technology) 	<ul style="list-style-type: none"> • Although there is an expectation that the federal DTC capability will be functioning soon*, it is not yet working successfully. The difficulties with their implementation of DTC might indicate a greater degree of risk for CO to implement. • The security concerns for the DTC capability requires additional security technology. The additional security has been a challenge to meeting high volume transaction processing needs. • This requires a change to each of the carrier sites to support real-time integration with the SBM • Based on the mixed success in successful implementation, this capability was determined to be medium risk 	<ul style="list-style-type: none"> • The CO cost of implementing a DTC technology capability is estimated based on Kentucky DTC implementation costs. • There are 11 carriers offering health coverage through CO and three carriers offering coverage through the Kentucky SBM – only one carrier is offering DTC in KY. If there are more CO carriers choosing to participate in direct enrollment, it is anticipated that the testing cost for CO will be greater. • The cost of this capability will be in addition to the cost for other Exchange functionality through whatever solution is selected (e.g., transfer SBM, SaaS, etc).

* Brett Norman. Politico Pro. 1/24/14. Direct sign-up for Obamacare subsidy enrollees still bumpy.

• http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/ENR_OperationsPolicyandGuidance_5CR_100313.pdf

3.3 b: Direct-to-Carrier Enrollment – Exchange-Lite Solution: Summary of Analysis

The direct-to-carrier (DTC) "Exchange-lite" solution allows CO to utilize carriers for all application, plan selection, enrollment and consumer service activities. This solution would eliminate the need for a CO website and call center, allowing carriers to call a web service for eligibility determination and allow CO to streamline the solution with the Modernization project. Overcoming regulatory barriers would be a key consideration as this model does not currently exist. The solution timeline would be similar to the SaaS option but carry a high technical risk. The cost for this alternative is unknown given the number of variables.

Time Estimate 8 – 10 months	Technical Feasibility High Risk	Cost Estimate Unknown
<ul style="list-style-type: none"> • The DTC "Exchange-lite" model is not currently operational nor is it authorized by CMS (e.g. does not allow for comparing plans across carriers). Therefore, holding discussions with CMS and getting their approval for this alternative will be a critical path activity • CMS would also need to authorize carriers to use the navigator tools that support consumer assistance • This solution timeline is heavily dependent of carriers' timeline for meeting anticipated CMS authorization requirements and installing the technology is a key timeline dependency • The security and testing needs to successfully install this capability is a strong driver for the time needed to implement • The timeline for the technology selected may impact the timeline 	<ul style="list-style-type: none"> • The web service to connect carriers with either CO's or Oregon's State Medicaid eligibility and subsidy determination modules does not currently exist and would need to be developed and tested, including significant system integration and user testing • The solution would be heavily dependent on carriers successful implementation of the web service and their updates to their enrollment solutions to capture the information required for an eligibility determination • Oregon's Medicaid eligibility technology could be adapted for use with this alternative which presents a risk for new development. • There is not an existing SaaS solution for the technology needed. • Assurances of appropriate stress testing of the carrier's capabilities working with the web service would be important to assure they can handle the anticipated peak volumes 	<ul style="list-style-type: none"> • Given the number of variables for this model and no available benchmark, cost could not be derived for this model

4.1: Full Federally Facilitated Marketplace (FFM) Solution: Summary of Analysis

The FFM solution is for CO to transition to the FFM for both the Individual and SHOP Exchanges. There are currently 27 states using the FFM. Analysis indicates that transitioning to the FFM solution will have low technical risk and is estimated to take 5-8 months and \$4-6 million to implement. The largest challenges are closing down CO operations and enabling the technical connectivity with the federal Exchange.

Time Estimate 5-8 months	Technical Feasibility Low Risk	Cost Estimate \$ 4-6 Million
<ul style="list-style-type: none"> • Obtaining the necessary state and federal approvals is estimated to take 7-9 weeks • The software development lifecycle (SDLC) for using the FFM solution implementation is estimated as follows: <ul style="list-style-type: none"> – Requirement: 3-5 weeks – Design: 4-6 weeks – Configuration / Development / Unit Testing: 7-9 weeks – Testing: 3-5 weeks – Deployment: X-X • The amount of time is primarily driven by work required for the file transfers with the FFM 	<ul style="list-style-type: none"> • The file transfer requirements and specifications from CMS' perspective are already defined • Utilizing the FFM presents a low risk for CO's technical infrastructure 	<ul style="list-style-type: none"> • Go-forward implementation costs will range from \$4 million to \$6 million, based on the assumed effort for CoverOregon close out operations, file transfer design, development, and implementation of file transfer as well as minor updates to the existing CO website to re-direct or provide a link for consumers to healthcare.gov

<http://kff.org/health-reform/state-indicator/health-insurance-exchanges/>

4.2: FFM Functional Partnership Solution: Summary of Analysis

The FFM Partnership solution allows CO to continue to manage the plan management and consumer assistance activities – both operationally and technically. Our analysis indicates that the FFM Partnership solution will have the same technical risk, cost and timeline as the full FFM alternative. The largest challenges are closing down a large portion of CO operations and enabling the technical connectivity with the federal Exchange.

Time Estimate 5 - 8 months	Technical Feasibility Low Risk	Cost Estimate \$ 4-6 Million
<ul style="list-style-type: none">• The timeline for the FFM Partnership alternative is the same as for the full FFM alternative because the amount the same work is required of CO for either model	<ul style="list-style-type: none">• The technical feasibility and risk for the FFM Partnership alternative is the same as for the full FFM alternative because, as with the Full FFM alternative, the file transfer requirements and specifications from CMS' perspective are already defined.	<ul style="list-style-type: none">• Based on the assumed effort for CO close out operations file transfer design, development, and implementation of file transfer as well as minor updates to the existing CO website, the costs associated with the FFM Partnership alternative is the same as for the full FFM alternative

4.3: FFM Hybrid Solution: Summary of Analysis

The FFM hybrid solution allows CO to operate the SHOP while using the FFM for individual market functions. Our analysis indicates that an FFM hybrid solution will have low technical risk and is estimated to take 5-8 months and \$18-19 million to implement. The largest challenges are closing down a large portion of CO operations and enabling the technical connectivity with the federal exchange.

Time Estimate 5 - 8 months	Technical Feasibility Low Risk	Cost Estimate \$22-25 Million
<ul style="list-style-type: none"> • The timeline for implementing the individual market component of the FFM Hybrid alternative is the same as for the full and partnership FFM alternatives—5-8 months • The timeline for implementing the SHOP component of the FFM hybrid alternative is the same as implementing SHOP using a SaaS vendor—approximately 5-6 months; however, the SHOP implementation timeline could vary depending on the SaaS vendor selected. ² 	<ul style="list-style-type: none"> • The technical feasibility and risk for the individual market component of the FFM hybrid alternative is the same as for the full and partnership FFM alternatives • The technical feasibility and risk for the SHOP component of the FFM hybrid alternative is the same as SaaS for only the SHOP • Implementing SaaS for only the SHOP functionality presents low technical risk because the software is hosted by the vendor 	<ul style="list-style-type: none"> • Go-forward implementation costs for the individual market component of the FFM hybrid alternative is the same as for the full and partnership FFM alternatives; they will range from \$4-6 million • There are maintenance costs for this effort • The cost SHOP component of the FFM hybrid alternative is the same as the cost for using SaaS for only the SHOP functionality—a minimum of \$18M for up to 13,195 users in Year 2, and fewer than 12,153 users in Year 3. If the number of users is greater than these amounts, the cost will increase in proportion to the increase in number of users

Appendix

Detailed Analysis

Option 1 | Alternative 1

Detailed Analysis on Stay the Course – Keep
the Technology

Keep the Technology Solution for Cover Oregon

Background & Description

- Cover Oregon has implemented a solution consisting of several packaged application technologies that have been extensively customized
- The current solution is behind schedule in meeting requirements and is not yet considered stable
- Option 1 – Alternative 1 would continue to use the current technology (with significant remediation and enhancement), but would replace Oracle as vendor of production support and enhancement services

Methodology & Rationale

- To assess the long-term fit of this option for Cover Oregon, three criteria were used: time, technical feasibility, and cost
- The preliminary assessment and estimates presented here were based on a 2-week high-level review of the existing solution and its known issues
- Primary inputs were interviews with Cover Oregon and Oracle representatives, since limited documentation exists
- Estimates were primarily based on Deloitte's experience with other complex solutions using Oracle technologies

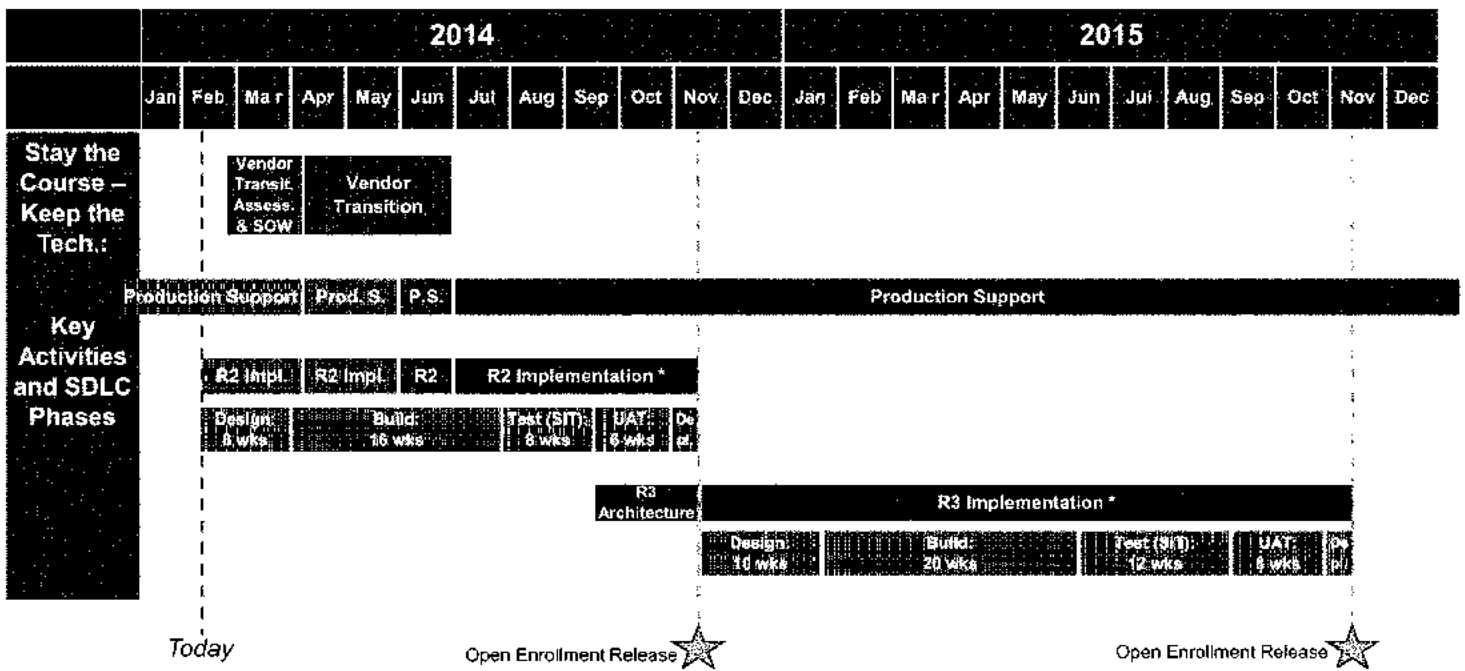
Key Assumptions

- Release 1.1 is in production and Release 2 design is started no later than mid-February
- Cover Oregon is able to decide quickly enough on a new vendor to start transition activities by late February
- Oracle is able to support an aggressive transition timeline (transition to be completed by late June)
- The new vendor will be able to take over several key resources currently managed by Oracle
- Oracle will participate in transition, production support, remediation, and enhancements through June 2014
- The pending enhancements, remediation, and defect fixes will be spread out over 2014 and 2015

Illustrative Timeline for Stay the Course – Keep the Technology Solution

Key Activity	Estimated Timing	Rationale for Estimates
Vendor Transition Assessment and SOW	2/24/2014 – 4/4/2014 (6 Weeks)	This effort results in two key deliverables that are critical for the transition: <ul style="list-style-type: none"> • Vendor Transition Assessment: Detailed analysis, estimation, and planning for the efforts required to take over, support, remediate, and enhance the solution • Statement of Work (SOW): Contract for the vendor transition
Vendor Transition	4/7/2014 – 6/27/2014 (12 Weeks)	Oracle will transfer their solution knowledge to the new vendor (e.g., via workshops). For the first 6-8 weeks, the new vendor would also “shadow” Oracle resources. Then, in the remaining 4-6 weeks, Oracle resources would support the new vendor (e.g., providing answers/input/advice)
Production Support	Ongoing	Includes application management, operations, and support (e.g., monitoring, maintenance, defect fixes, regression testing, deployments, documentation, ticket management, performance/status reporting). Excludes help desk (tier 1), product issues/maintenance (tier 4), infrastructure/hosting, and enhancement/remediation projects
Release 2 Implementation	2/10/2014 – 11/14/2014 (40 Weeks)	Enhancements, remediations, and defects will be prioritized to fit into the window between the R1.1 completion and the start of the next open enrollment period. This would allow for the following SDLC phases: <ul style="list-style-type: none"> • 8 weeks: Design • 16 weeks: Build • 8 weeks: System/Integration Test (SIT) • 6 weeks: UAT • 2 weeks: Deployment/Contingency If practical, R2 may be broken into multiple sub-releases.
Release 3 Architecture	9/22/2014 – 11/14/2014 (8 Weeks)	In order to make best use of the available window for the R3 Implementation, high-level design for R3 will start as soon as R2 SIT is complete and key resources can be refocused
Release 3 Implementation	11/17/2014 – 11/13/2015 (52 Weeks)	This release will address key enhancements, remediations, and defects that could not be included in the R2 window. It will start as soon as R2 is complete and will end before the next open enrollment period starts one year later. If practical, R3 may be broken into multiple sub-releases.

Illustrative Timeline for Stay the Course – Keep the Technology Solution



Legend

Oracle
Led by Oracle, supported by New Vendor
Led by New Vendor, supported by Oracle
New Vendor
System Development Lifecycle (SDLC) Phase

* If practical, Releases 2 and 3 may be broken into multiple sub-releases (e.g., Anonymous Browsing, Plan Management)

Technical Feasibility/Risk Summary Analysis

There have been 5 criteria defined as appropriate for the Cover Oregon technical feasibility evaluation: Business objective alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility*	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation.		The current solution is behind schedule in meeting requirements and is not yet considered stable. Pending enhancements, defect fixes, and remediations are estimated to take well into 2015
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution.		The solution is highly complex (consisting of several packaged application technologies that have been extensively customized). This impacts ease of implementation for new features, as well as maintainability and manageability
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities.		The solution leverages robust packaged application technologies that offer configurable pre-built capabilities likely to be useful for future extensibility (e.g., sales force automation and analytics). This offers a positive fit long-term, if the current issues/risks are addressed
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities.		The solution complexity and documentation limitations make deployments and support difficult. However, a positive overall fit can be achieved, if the current issues/risks are addressed
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		This proven technology stack has been successfully implemented in many highly regulated environments

* This scoring reflects the "end-state" once the targeted enhancements and remediations have been implemented, as opposed to the current state

Positive Fit/ Low Risk	Medium Fit/ Risk	Negative Fit/ High Risk
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Technical Feasibility/Risk Detail Analysis

Category	Description	Criteria	Keep the Technology*
Business Objectives	A measure of solution's system alignment with key business requirements, market position, stability and market reputation.	Satisfy business and functional requirement	●
		Time to Market	●
		Risks	●
		Strategic Fit	●
		Customer Base (Users)	●
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution.	Cover Oregon Prior Experience	●
		Ease of implementation	●
		Out of box capabilities	●
		Customizable and configurable	●
		Maintainability and Manageability	●
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities.	Ease of Conversion	●
		Security and Access Management	●
		Performance and Quality	●
		Scalability	●
		Aligned with Cover Oregon Strategy	●
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities.	Collaboration/Integration capabilities with other Cover Oregon systems (Ex: SOA)	●
		Extensibility	●
		Technical Risks	●
		System management support (SNMP, TIVOLI..)	●
		Operational procedures	●
Security & Compliance Objectives	A measure of solution's compliance with all Oregon and CMS mandated regulations.	Deployment process and procedures	●
		Training	●
		Disaster recovery plans	●
		Documentation	●
		Ability to integrate with Cover Oregon's security infrastructure	●
		HIPAA & PII compliance	●
		Regulatory compliance	●

* This scoring reflects the "end-state" once the targeted enhancements and remediations have been implemented, as opposed to the current state

● Positive Fit/ Low Risk	● Medium Fit/ Risk	● Negative Fit/ High Risk
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Enhancement/Remediation Effort Analysis

This table summarizes the estimated level of enhancement/remediation effort for the solution to meet Cover Oregon's requirements. Included remediation (50K hours) would address existing architecture, design, code quality, data, deployment, and training issues (primarily to improve long-term supportability/upgradeability/scalability). Sales Force Automation (SFA) is included as a feature, since it appears valuable in helping Cover Oregon become financially self-sufficient. This analysis excludes defect fixes, since they are covered in the production support estimates.

Feature/Area	Level of Effort (Hours)	Key Assumptions / Rationale
SHOP	30K	Small Business Health Options Program (SHOP) capability has been deferred
Financial Management / Premium Payment	10K	Only backend transaction reconciliation no frontend so the scope is limited
State Interfaces	20K	Automated synchronization of enrollment/financial data with carriers and MMIS was previously deprioritized
Rules Engine / Eligibility Determination	40K	OPA solution is currently stable, but complex. Enhancement related to new requirements, such as change reporting and renewals will be effort-intensive.
Plan Management	20K	Current carrier portal is read-only and does not enable carriers to manage data.
Reports	10K	Existing reporting capabilities are limited, and OBIEE cannot be leveraged "vanilla" due to customizations.
Notices	10K	Several types of notices have yet to be implemented.
Shopping Experience / Enrollment	60K	Requires large additions for change reporting and renewals. Dental shopping has usability and data quality issues. User account dashboards require usability improvements. Training materials and delivery has been insufficient to maximize productivity and data quality
Admin Workflow	10K	Enhancement of customized functionality is anticipated to be complex.
Security and Privacy	15K	Identity management solution requires upgrade, since support is scheduled to end in 2015. Customer data quality issues create privacy risks.
Conversion	10K	There are existing data quality issues that may have conversion implications.
Broker / Navigator Portals	20K	Enhancement of custom functionality in WebCenter, e.g., for usability, may be more complex than configuration of Siebel partner portal
Sales Force Automation	30K	Extensive customization of Siebel prevent deployment of "vanilla" capabilities in Siebel and OBIEE.
TOTAL	285K	Input to the sizing of the implementation efforts

Cost Summary Analysis

The table below highlights the estimated costs associated with keeping the technology, but replacing Oracle as vendor of production support and enhancement services. This includes implementation, maintenance, hosting, and license-related costs in calendar year 2014.

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014* (+Oracle thru June +150K Hrs in 2015)	\$3.6M in 2014** (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014**	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

* Estimated implementation efforts include planning and executing the transition to a new vendor (40K hours), as well as enhancing/remediating the solution (220K hours) and performing more thorough testing (80K hours). Not included is Oracle's necessary participation in transition, enhancement, remediation, and production support (maintenance) through June 2014, which could amount to as much as 100K additional hours.

** Required maintenance efforts include capacity to resolve an assumed 2,000 existing functional/performance defects over the course of 2014 and 2015 (1,500 already logged and 500 to be identified in the future). Not included in the costs above are efforts in 2015 and beyond. Maintenance costs above also do not include help desk (level 1), infrastructure, and product support (assumed to be covered within Hosting/License budgets and not changing with this option).

Keep the Vendor Solution for Cover Oregon

Background & Description

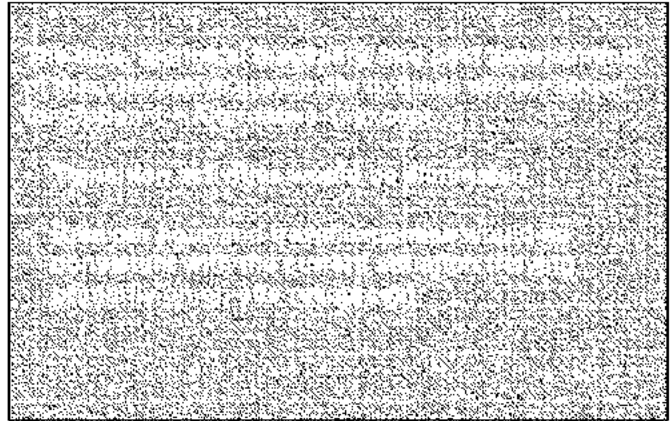
- Cover Oregon has implemented a solution consisting of several packaged application technologies that have been extensively customized
- The current solution is behind schedule in meeting requirements and is not yet considered stable
- Option 1 – Alternative 2 would continue to use the current technology (with significant remediation and enhancement) and would keep Oracle as vendor of production support and enhancement services

Key Assumptions

- Release 1.1 is in production and Release 2 design is started no later than mid-February
- The pending enhancements, defect fixes, and remediation will be spread out over 2014 and 2015

Methodology & Rationale

- To assess the long-term fit of this option for Cover Oregon, three criteria were used: time, technical feasibility, and cost
- The preliminary assessment and estimates presented here were based on a 2-week high-level review of the existing solution and its known issues
- Primary inputs were interviews with Cover Oregon and Oracle representatives, since limited documentation exists
- Estimates were primarily based on Deloitte's experience with other complex solutions using Oracle technologies



Cost Summary Analysis

The table below highlights the estimated costs associated with keeping the technology and keeping Oracle as vendor of production support and enhancement services. This includes implementation, maintenance, hosting, and license-related costs in calendar year 2014.

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.6M in 2014** (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014* (+150K Hrs in 2015)	\$12M in 2014**	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

* Estimated implementation efforts include enhancing/remediating the solution (285K hours) and performing more thorough testing (80K hours) with the current vendor (primarily using on-site resources).

** Required maintenance efforts include capacity to resolve an assumed 2,000 existing functional/performance defects over the course of 2014 and 2015 (1,500 already logged and 500 to be identified in the future). Not included in the costs above are efforts in 2015 and beyond. Maintenance costs above also do not include help desk (level 1), infrastructure, and product support (assumed to be covered within Hosting/License budgets and not changing with this option).

Option 2 | Alternative 1

Detailed Analysis on SBM Transfer Solution

Illustrative Timeline for SBM Transfer Solution

SDLC Phase	Sample SBM Plan	SBM Transfer Plan (Estimates)	Rationale for SBM Estimates
Requirements	8 weeks	3 - 6 weeks	Requirements phase is shorter than sample SBM because the transfer focus is on confirming & clarification of requirements in most areas
Design	16 weeks	8 - 12 weeks	Design phase is shorter than sample SBM because the transfer focus is on confirming design in most areas and creation of design for only those areas that require customization
Configuration/ Development & Unit Testing	24 weeks	10 - 14 weeks	Development phase is shorter than sample SBM because there is a high degree of re-use from transfer SBM solution
System, Performance, & Integration Testing	25 weeks	14 - 18 weeks	As a result of the shorter Development phase, the SIT phase is also shorter
Conversion Testing	6 weeks	5 - 7 weeks	It is an option for Oregon to convert existing solution data. The testing needs are similar
User Acceptance Testing	20 weeks	16 - 20 weeks	While the UAT testing phase can be reduced, the planned release dates for this year is a timeline factor
Training and Deployment	32 weeks	37 weeks	Deployment begins when the carriers' file their plans (May, 2014) and ends when Open Enrollment ends (1/15/2015)

Leveraging a Transfer Solution for CO

Background & Description

- A total of 17 states were granted approval by CMS to build and operate state-based marketplaces
- CO may consider importing a state-based solution from one of the 5 states that have successful operations, i.e. California, Connecticut, Kentucky, Rhode Island and Washington^{1,2}

Methodology & Rationale

- To assess whether transferring an SBM could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost
- The level of customization of the transfer solution is the key driver in determining level of effort estimate and cost of transferring a SBM solution
- The sample SBM used for this assessment was selected because it is currently functional, its code is open-source, it includes functionality of both an individual and SHOP Exchange, and is operational

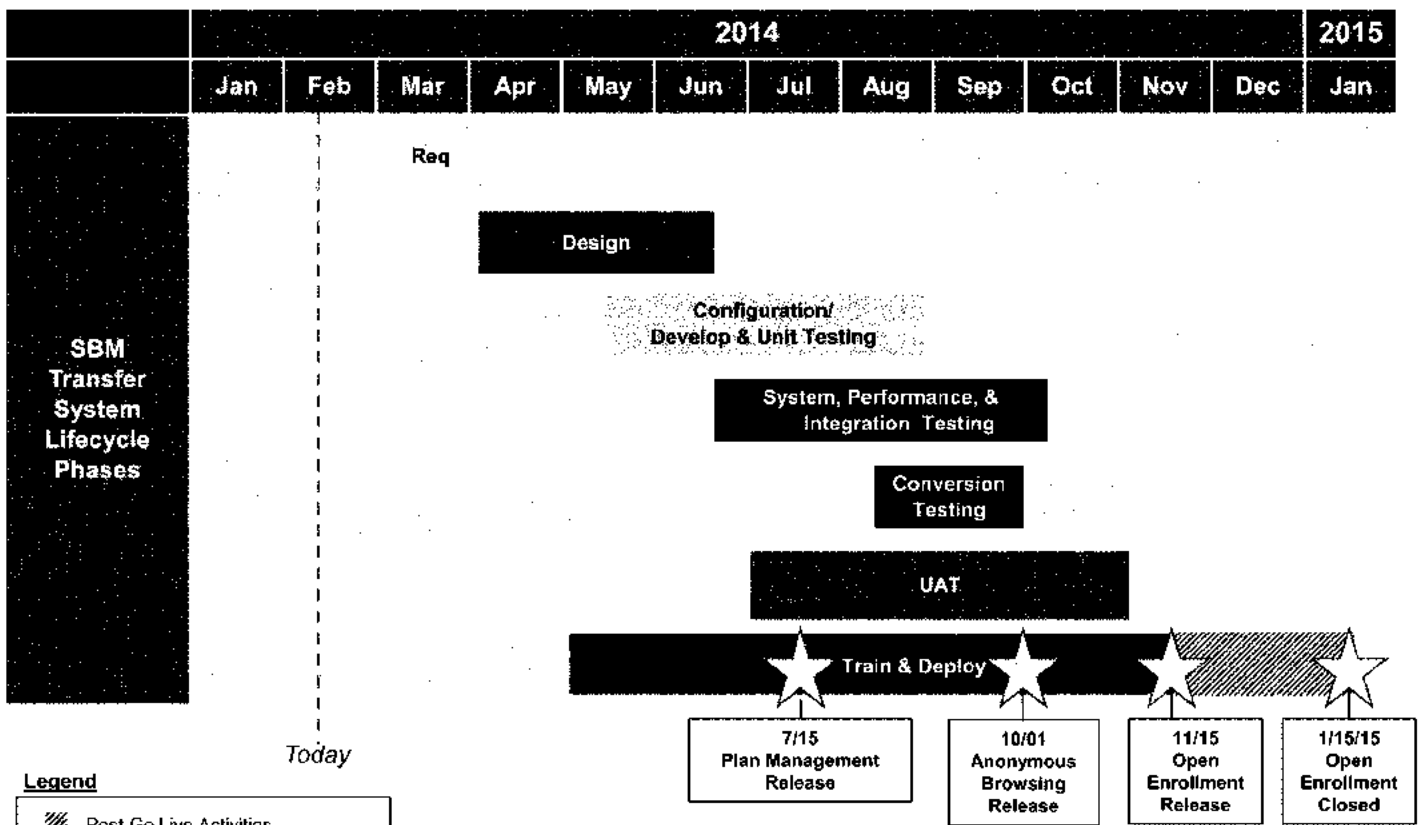
Assumptions

- The timeline and cost for transferring an SBM assumes that CO will accept an already implemented transfer solution and accept the established SBM design and capabilities with a low level of customization (see slide 8)
- This option assumes that CO can obtain the necessary agreements/approvals from the transferring State SBM
- The timeline and cost estimates for transferring an SBM include an optional automated conversion for existing CO customers and applications
- The timeline for transferring an SBM assumes that CO requires the transfer solution be implemented by 11/15/14 (for plan year 2015 open enrollment) and includes deployment activities through the end of the open enrollment period assumed to be 1/15/15
- This option assumes that CO utilizes the Federal Hub as the primary means of verification
- The cost for transferring an SBM assumes that CO will obtain necessary funding
- The cost for transferring an SBM assumes no warranty and infrastructure costs



¹<http://www.pewstates.org/projects/stateine/headlines/why-some-state-run-health-exchanges-worked-85899525479>

²<http://www.usatoday.com/story/news/nation/2013/12/10/stateine-health-exchange-aca-3951943/>

Illustrative Timeline for SBM Transfer Solution



Legend

-  Post-Go Live Activities
-  Key Milestone Date

Technical Feasibility Summary Analysis

5 criteria have been defined as appropriate for the CO technical feasibility evaluation: business objective alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation		Solution is a good strategic fit, satisfies business and functional requirements
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution.		Solution is customizable and configurable. Selected transfer solution will have been proven as a successful operation.
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities		Solution is scalable, extensible, aligns with CO's architecture strategy, and presents a low technical risk
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities		Solution includes operational procedures, training, disaster recovery plans, and documentation
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		Solution is compliant with regulations, HIPAA & PII, and can integrate with Oregon's security structure

	Positive Fit/ Low Risk		Medium Fit/ Risk		Negative Fit/ High Risk
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Technical Feasibility/Risk Options Analysis

Category	Description	Criteria	Transfer SBM
Business Objectives	A measure of solution's system alignment with key business requirements, market position, stability and market reputation	Satisfy business and functional requirement	●
		Time to Market	●
		Risks	●
		Strategic Fit	●
		Customer Base (Users)	●
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution	CO Prior Experience	●
		Ease of implementation	●
		Out of box capabilities	●
		Customizable and configurable	●
		Maintainability and Manageability	●
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities	Ease of Conversion	●
		Security and Access Management	●
		Performance and Quality	●
		Scalability	●
		Aligned with CO Strategy	●
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities	Collaboration/Integration capabilities with other CO systems (Ex: SOA)	●
		Extensibility	●
		Technical Risks	●
		System management support (SNMP, TIVOLI...)	●
		Operational procedures	●
Security & Compliance Objectives	A measure of solution's compliance with all Oregon and CMS mandated regulations	Deployment process and procedures	●
		Training	●
		Disaster recovery plans	●
		Documentation	●
		Ability to integrate with CO's security infrastructure	●
		HIPAA & PII compliance	●
		Regulatory compliance	●

● Positive Fit/ Low Risk	● Medium Fit/ Risk	● Negative Fit/ High Risk
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Level of Customization Analysis

This table shows the estimated level of customization for each feature of the HIX solution, and our rationale behind each of the customization levels. Higher levels of customization increase the associated level of effort and cost. If CO accepts a different level of customization in a particular area, level of effort and cost would need to be adjusted.

Feature/Area	Level of Customization (%)	Degree of Customization	Assumptions / Rationale
SHOP	10-40%	Low	Using transfer SBM's full-choice SHOP requires little custom development
Financial Management / Premium Payment	10-40%	Low	Assuming Oregon uses the same vendor and bank as the transfer SBM, this area will require little custom development
State Interfaces	70-100%	High	Each state's interfaces are different (maximum is assumed to be <8)
Rules Engine / Eligibility Determination	10-40%	Low	Transfer SBM uses Oracle Policy Automation (OPA) as Rules Engine. OR already uses OPA and has state rules already coded. MAGI and HIX rules will be the same.
Plan Management	10-40%	Low	Transfer SBM uses SERFF template. Using transfer SBM's plan management requires little custom development
Reports	40-70%	Medium	Standard CMS reports are the same, OR will have custom state reports (maximum is assumed to be <21)
Notices	70-100%	High	Notices are state-specific (maximum is assumed to be <21)
Shopping Experience / Enrollment	0-10%	N/A	Using transfer SBM's shopping experience design will require little to no additional development hours
Admin Workflow	0-10%	N/A	Using transfer SBM's administrative workflow design assumes little to no additional development hours
Security and Privacy	40-70%	Medium	There are State-specific requirements for security and privacy in addition to the common CMS requirements
Conversion	70-100%	High	Data mapping is the largest conversion component
Broker / Navigator Portals	0-10%	N/A	Using transfer SBM's portal design assumes little to no additional development hours

Cost Summary Analysis

The table below shows the associated costs with implementing a transfer SBM solution. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

Leveraging an Exeter solution for CO

Background & Description

- CO received a proposal from Exeter stating that they could implement an end-to-end Exchange in two weeks
- Exeter Group Inc., is the Boston-based software company that has stated it has already built an Exchange that can plug into the existing technology Oregon is using*
 - Exeter designed the web-based UI consumer part of the Vermont and Hawaii SBMs. Both SBMs continue to have technical challenges*
- Exeter's product is called OneGate
- Vermont:
 - As sub-contractor to CGI, Exeter delivered the front-end user experience software for Vermont's Exchange. Vermont's cost for the tailored installation of Exeter's OneGate product was a portion of the \$36M CGI contract with Vermont for 2012-2014*
- Hawaii:
 - In a March, 2013 Oracle sponsored webinar, Exeter demonstrated their Hawaii HIX client portal and case management solution leveraging Exeter's OneGate accelerator pack powered by Oracle.
- There is no known installed Exeter end-to-end HIX solution operating today

Assumptions

- Exeter's installed HIX solution products are no more robust than their installed products for the Hawaii and Vermont SBMs
- Exeter's proposed product to CO is the OneGate product installed in Vermont and Hawaii

Methodology & Rationale

- To assess whether using the Exeter solution could be feasible for CO, three criteria were used: time, technical feasibility/risk, and cost
- The Exeter proposal and demonstration were requested but not available for this evaluation
- Analysis using the limited publically available information for Exeter Group is the primary input for the results.

- <http://truenorthreports.com/subcontractor-gives-preview-of-it-infrastructure-for-health-benefit-exchange/#sthash.MvgDE0Jn.dpuf>
- <http://vidgnet.org/2012/12/14/vermont-contracts-with-canadian-tech-firm-to-build-health-insurance-exchange/>
- http://dnews.com/news/api/article_6187f3b8-7117-5202-ab36-699a42d562a3.html

43. <http://www.cosnews.com/news/hawaii-health-insurance-exchange-is-no-paradise>

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Cost Summary Analysis

The table below shows the associated costs with implementing Exeter's solution. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

Option 3 | Alternative 1

Detailed Analysis on Entering a Regional Exchange

Entering into a Regional Exchange

Background & Description

- The Affordable Care Act provides the option for states to establish regional Exchanges that operate in more than one state if this operation is permitted by each state and if the regional Exchange is approved by the Secretary of Health and Human Services (HHS)
- Currently, there are no functioning regional Exchanges
- The options that are under consideration for CO to enter into a regional Exchange are below:
 - One of the five state with functioning state-based marketplace (SBM) as of 10/1/13 (e.g. California, Connecticut, Kentucky, Rhode Island, and Washington)
 - A state that is transitioning from Federally-Facilitated Marketplace (FFM) to an SBM
- New Mexico and Idaho are the only two states that announced transition from FFM to SBM for plan year 2015
- Current Oregon state law only allows for the establishment of a SBM. Therefore, state law must be modified to allow for entrance into a regional Exchange
- A regional Exchange can be implemented with either a multi-tenancy or a virtualized model. Since a multi-tenancy solution does not currently exist on the market and will take at least six months to develop, this option is not viable for plan year 2015

Federal Requirements

- If the State is establishing a regional Exchange, the following materials need to be provided by 6/1/14 (deadline for Oregon to submit blueprint to CMS):
 - Memorandum of Understanding (MOU) among all States participating in the Exchange related to the utilization of grant funding
 - Agreement between the Regional Exchange and State Medicaid agencies related to eligibility coordination
 - Memorandum of Understanding with any participating State's department of insurance and the regional Exchange involving matters related to health insurance issuers' solvency, licensure, and benefits
 - Procedures to ensure that to the maximum extent possible the operation of the Regional Exchange is seamless to the consumer
 - The process and period for transition in the event that a State elects to withdraw from participation in the regional Exchange
- An MOU should designate authority, establish contracting process, agree on standards and conditions, and include quality management agreements

¹<http://www.pewstates.org/projects/stateline/headlines/why-some-state-run-health-exchanges-worked-858995284?9>

²<http://www.usatoday.com/story/news/nation/2013/12/19/stateline-health-exchange-aca-3951043/>

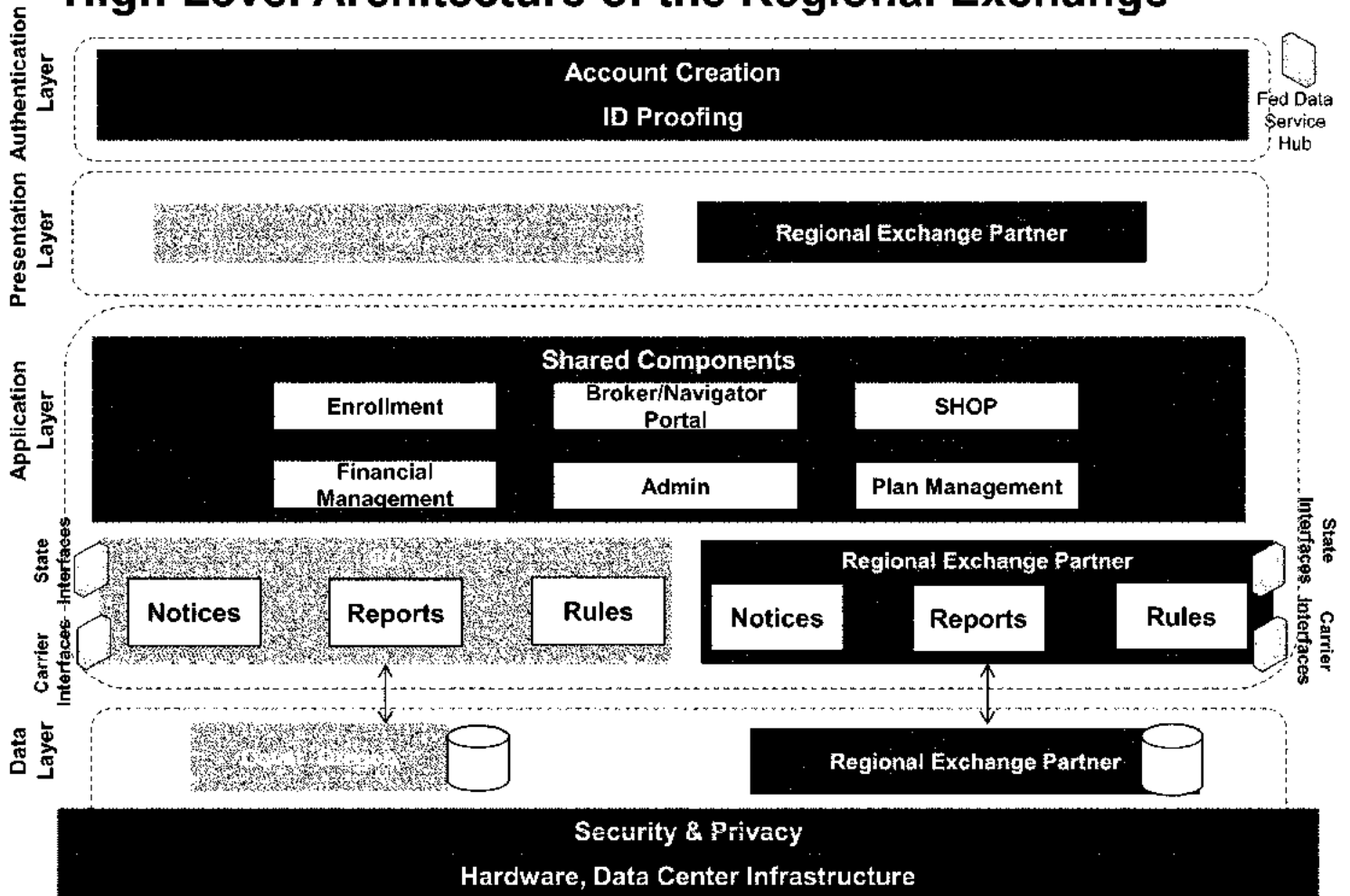
46 January 2013, Idaho and New Mexico both received CMS approval for operating a SBM.

Entering into a Regional Exchange – cont'd

Methodology & Rationale	Assumptions
<ul style="list-style-type: none"> • To assess whether joining a regional Exchange could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost • The level of customization / differentiation of CO's portion of regional Exchange is the key driver in determining the level of effort associated with the alternative • The analysis focuses on the option of entering into a regional Exchange with a functioning SBM due to a higher incentive to join a functioning SBM than to start from scratch with another FFM state(s) • The sample SBM used for this assessment was selected because its code is open-source, it includes functionality of both an individual and SHOP Exchange, and is operational 	<ul style="list-style-type: none"> • The timeline for joining a regional Exchange assumes that CO requires the regional Exchange be implemented by 11/15/14 (for plan year 2015 open enrollment) and includes deployment activities through the end of the open enrollment period assumed to be 1/15/15 • This analysis assumes that CO could successfully obtain the necessary statutory authority to enter into a regional Exchange • This option assumes that CO can obtain the necessary Memorandums of Understanding (MOU) among the regional Exchange and relevant state agencies • The analysis calculates only those costs associated with the technology and assumes no additional costs for administrative tasks associated with regulatory changes, such as the resources for drafting the bill and blueprint • The analysis assumes regional partner(s) do not impose a surcharge for implementation • This option assumes that the regional Exchange utilizes the Federal Hub as the primary means of verification • The cost for joining a regional Exchange assumes that CO will obtain necessary funding • The cost and timeline in the following slides are for a regional Exchange with a virtualized model

*We will be adding links to the public sources that cited successful states.

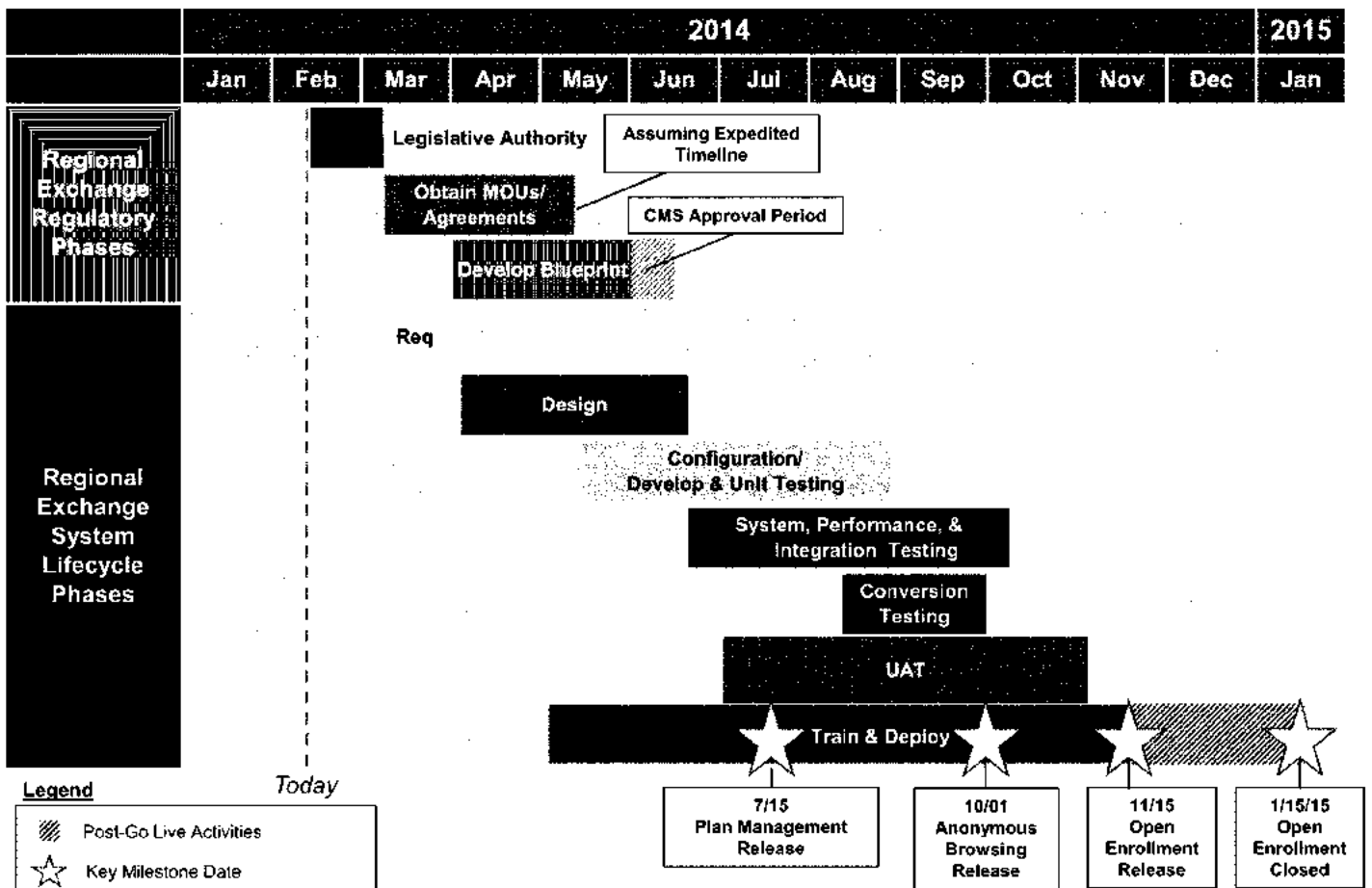
High-Level Architecture of the Regional Exchange



A) Entering into a Regional Exchange with a state with functioning SBM

	Phase	Sample SBM Plan	Alternative Estimate	Rationale for SBM estimates
Regulatory	Obtain Statutory Authority	N/A	4 weeks	The 2014 legislative session concludes on 3/9/14
	Obtaining MOUs / agreement	N/A	7-9 weeks	An interstate Memorandum of Understanding takes at least 90 days to be signed. Assuming an expedited timeline, an MOU can take 7-9 weeks
	Developing a "Single Blueprint"	N/A	8-12 weeks	It takes 6-10 weeks to develop and submit the blueprint to CMS as the architecture of the regional Exchange (particularly the shared infrastructure) needs to be designed. Transition blueprint submissions are due 6/01/2014; CMS indicates blueprints will be approved by 6/15/2014
Software Development Life Cycle	Requirements	8 weeks	3 - 6 weeks	Requirements phase is shorter than sample SBM because the transfer focus is on confirming & clarification of requirements in most areas
	Design	16 weeks	8 - 12 weeks	Design phase is shorter than sample SBM because the transfer focus is on confirming design in most areas and creation of design for only those areas that require customization
	Configuration/ Development & Unit Testing	24 weeks	10 - 14 weeks	Development phase is shorter than sample SBM because there is a high degree of re-use from transfer SBM solution
	System, Performance, & Integration Testing	25 weeks	14 - 18 weeks	As a result of the shorter Development phase, the SIT phase is also shorter
	Conversion Testing	6 weeks	5 - 7 weeks	It is an option for Oregon to convert existing solution data. The testing needs are similar
	User Acceptance Testing	20 weeks	16 - 20 weeks	While the UAT testing phase can be reduced, the planned release dates for this year is a timeline factor
	Training and Deployment	32 weeks	37 weeks	Deployment begins when the carriers' file their plans (May, 2014) and ends when Open Enrollment ends (1/15/2015)

A) Illustrative Timeline for Entering into a Regional Exchange with a Functioning SBM



B) Entering into a Regional Exchange with a Transitioning State

	Phase	Sample SBM Plan	Alternative Estimate	Rationale for SBM estimates
Regulatory	Obtain Statutory Authority	N/A	4 weeks	The 2014 legislative session concludes on 3/9/14
	Obtaining MOUs / agreement	N/A	7-9 weeks	An interstate Memorandum of Understanding takes at least 90 days to be signed. Assuming an expedited timeline, an MOU can take 7-9 weeks
	Developing a "Single Blueprint"	N/A	8-12 weeks	It takes 6-10 weeks to develop and submit the blueprint to CMS as the architecture of the regional Exchange (particularly the shared infrastructure) needs to be designed. Transition blueprint submissions are due 6/01/2014; CMS indicates blueprints will be approved by 6/15/2014.
Software Development Life Cycle	Requirements	8 weeks	8 - 10 weeks	<p>The implementation timeline of entering into a regional Exchange with a transitioning state will not be shorter than that of the sample SBM plan, which has the shortest implementation time compared to the other 4 functioning Exchanges as of 10/1/13.</p> <p>This rules out the possibility of entering into a regional Exchange with a transitioning state (New Mexico and Idaho) if Oregon would like to have open enrollment on 11/15/2014.</p>
	Design	16 weeks	16 - 20 weeks	
	Configuration/ Development & Unit Testing	24 weeks	24 – 28 weeks	
	System, Performance, & Integration Testing	25 weeks	25 – 29 weeks	
	Conversion Testing	6 weeks	6 – 8 weeks	
	User Acceptance Testing	20 weeks	20 – 24 weeks	
	Training and Deployment	32 weeks	32 - 36 weeks	

Technical Feasibility Summary Analysis

5 criteria have been defined as appropriate for the CO technical feasibility evaluation: business objective alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation		Solution presents risks in time to market as there is no regional Exchange in the marketplace now
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution		Solution may be customizable and configurable, but shared components will need to be mutually agreed upon by the participating states in the regional Exchange. In addition, security and access management presents potential risk due to lack of precedence
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities		With two partner states in the regional Exchange, scalability becomes a focused risk area, and requires performance and stress tests
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities		Solution includes operational procedures, training, disaster recovery plans, and documentation
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		Solution is compliant with regulations, HIPAA & PII, and can integrate with Oregon's security structure

Positive Fit/ Low Risk	Medium Fit/ Risk	Negative Fit/ High Risk
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Technical Feasibility/Risk Options Analysis

Category	Description	Criteria	Regional HIX
Business Objectives	A measure of solution's system alignment with key business requirements, market position, stability and market reputation	Satisfy business and functional requirement	●
		Time to Market	●
		Risks	●
		Strategic Fit	●
		Customer Base (Users)	●
		CO Prior Experience	●
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution	Ease of implementation	●
		Out of box capabilities	●
		Customizable and configurable	●
		Maintainability and Manageability	●
		Ease of Conversion	●
		Security and Access Management	●
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities	Performance and Quality	●
		Scalability	●
		Aligned with CO Strategy	●
		Collaboration/Integration capabilities with other CO systems (Ex: SOA)	●
		Extensibility	●
		Technical Risks	●
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities	System management support (SNMP, TIVOLI...)	●
		Operational procedures	●
		Deployment process and procedures	●
		Training	●
		Disaster recovery plans	●
		Documentation	●
Security & Compliance Objectives	A measure of solution's compliance with all Oregon and CMS mandated regulations	Ability to integrate with CO's security infrastructure	N/A
		HIPAA & PII compliance	●
		Regulatory compliance	●

● Positive Fit/ Low Risk	● Medium Fit/ Risk	● Negative Fit/ High Risk
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Level of Customization Analysis

This table shows the estimated level of customization for each feature of the HIX solution, and our rationale behind each of the customization levels. Higher levels of customization increase the associated level of effort and cost. If CO accepts a different level of customization in a particular area, level of effort and cost would need to be adjusted.

Feature/Area	Level of Customization (%)	Degree of Customization	Assumptions / Rationale
SHOP	10-40%	Low	Using the partner SBM's full-choice SHOP requires little custom development
Financial Management / Premium Payment	10-40%	Low	Assuming Oregon uses the same vendor and bank as the partner SBM, this area will require little custom development
State and Carrier Interfaces	70-100%	High	Each state's interfaces are different (maximum is assumed to be <8)
Rules Engine / Eligibility Determination	10-40%	Low	Partner SBM uses Oracle Policy Automation (OPA) as Rules Engine. MAGI and HIX rules are the same, OR will have custom state rules
Plan Management	10-40%	Low	Partner SBM uses SERFF template. Using transfer SBM's plan management requires little custom development
Reports	40-70%	Medium	Standard CMS reports are the same, OR will have custom state reports (maximum is assumed to be <21)
Notices	70-100%	High	Notices are state-specific (maximum is assumed to be <21)
Shopping Experience / Enrollment	0-10%	N/A	Using partner SBM's shopping experience design will require no additional development hours
Admin Workflow	0-10%	N/A	Using partner SBM's administrative workflow design assumes little to no additional development hours
Security and Privacy	40-70%	Medium	There are State-specific requirements for security and privacy in addition to the common CMS requirements
Conversion	70-100%	High	Data mapping is the largest conversion component
Broker / Navigator Portals	0-10%	N/A	Using partner SBM's portal design assumes little to no additional development hours
Batches	10-40%	Medium	TBD

Cost Summary Analysis

The table below shows the associated costs with entering into a Regional Exchange. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

Option 3 | Alternative 2

Detailed Analysis on Using Software-as-a-Service

Leveraging Software as a Service for CO

Background & Description

- CO is considering using software-as-a-service (SaaS) for either the individual and SHOP Exchange functions, or for the SHOP Exchange only
- The key differences between the operating models of SaaS and a traditional State-based Marketplace (SBM) solution are:
 - SaaS vendor is responsible for hosting and maintaining the solution, instead of the State
 - The technology is owned by the SaaS vendor.
- We considered two SaaS vendors currently operating in the marketplace: GetInsured and bswift, who have a SaaS offering for either individual and SHOP functions or SHOP alone
 - New Mexico contracted with GetInsured to implement a SaaS solution for the individual and SHOP Exchange functions for plan year 2014; however, currently only the SHOP is operating under the SaaS model and the individual Exchange functionality remains with the FFM
 - Connecticut hired bswift to implement a SaaS solution for only the SHOP Exchange for plan year 2014. SHOP successfully went live on 10/1/13

Methodology & Rationale

- We assessed whether SaaS could be used for both the individual and SHOP Exchanges, or for the SHOP Exchange only
- To assess whether SaaS for both individual and SHOP Exchanges or for SHOP only could be feasible solutions for CO, three criteria were used: time, technical feasibility, and cost
- BeWellNM (New Mexico's HIX) was used as a case study to assess SaaS for the entire Exchange function, and Access Health CT's SHOP function was used as a case study to assess SaaS for SHOP only

Assumptions

- Potential vendors must demonstrate the capabilities of a successful HIX/SHOP implementation as the primary contractor in order to be considered
- Companies that successfully implemented a full HIX solution currently do not offer an equivalent SaaS solution

Options Analysis for Contracting to SaaS Vendor

Below is a comparative analysis between contracting out both the individual and SHOP functionalities or only the SHOP functionality to a SaaS vendor.

	SaaS for both Individual and SHOP Exchange	SaaS for SHOP Exchange only
Sample State	<ul style="list-style-type: none"> New Mexico – BeWellINM 	<ul style="list-style-type: none"> Connecticut – Access Health CT
Time	<ul style="list-style-type: none"> Up to 17 months 	<ul style="list-style-type: none"> Less than 5 months
Cost*	<ul style="list-style-type: none"> ~\$40M over the course of 5 years This includes the following costs: <ul style="list-style-type: none"> Software platform and ongoing maintenance costs of \$24.5 for the first 2 years, and \$6.5M for the next 3 years Hosting costs of \$4M over 5 years Ancillary costs of \$5M over 5 years Not including costs of additional customization requested by CO 	<ul style="list-style-type: none"> ~\$18M over the course of 3 years This includes a one-time implementation fee of \$3.6M and maintenance fees as below: <ul style="list-style-type: none"> Year 1 = \$460,000 per month Year 2 = \$380,000 per month or PMPM rate (whichever is greater) Year 3 = \$350,000 per month or PMPM rate (whichever is greater) PMPM rate: <ul style="list-style-type: none"> <20,000 users, \$28.80 / month >20,000 users, \$23.25 / month
Technical Feasibility	<ul style="list-style-type: none"> Medium to high risk May be difficult to integrate with other systems in the future (e.g. Integrated Eligibility) 	<ul style="list-style-type: none"> Low risk Proven success in Connecticut No integration between Individual and SHOP Exchange

While contracting out SHOP to a third-party administrator is not a standalone solution, it is less risky for CO to consider than contracting out both the individual and SHOP functionalities.

*Oregon is likely to have a higher cost for either option since the population of Oregon is larger than that of both New Mexico and Connecticut

A: Technical Feasibility Analysis for SaaS (Individual & SHOP)

Five criteria have been defined as appropriate for the CO technical feasibility evaluation: business objectives alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation		There is no proven implementation of the solution, and time to market is currently unknown
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution		Solution is configurable but not customizable. Ease of conversion is unknown and presents high risk
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities		Solution can present risks in the future when integrating with other CO systems. However, flexibility and adaptability will be a challenge when using SaaS versus if CO owns the solution
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities		Solution includes operational procedures, training, disaster recovery plans, and documentation
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		Solution is compliant with regulations, HIPAA & PII, and can integrate with Oregon's security structure

	Positive Fit/ Low Risk		Medium Fit/ Risk		Negative Fit/ High Risk
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B: Technical Feasibility Analysis for SaaS (SHOP only)

Five criteria have been defined as appropriate for the CO technical feasibility evaluation: business objective alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation		Solution satisfies business and functional requirements. Adaptability will be a challenge when using SaaS, thus increasing risk for the strategic fit with CO
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution		Solution is configurable. SaaS SHOP solution has been proven to be successful in CT's SHOP Exchange
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities		Solution is scalable, extensible, aligns with CO's architecture strategy, and presents a low technical risk. There are a fewer number of integration requirements for only the SHOP Exchange. Flexibility and adaptability will be a challenge when using SaaS
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities		Vendor will provide operational procedures, training, disaster recovery plans, and documentation
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		Solution is compliant with regulations, HIPAA & PII, and can integrate with Oregon's security structure

	Positive Fit/ Low Risk		Medium Fit/ Risk		Negative Fit/ High Risk
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Technical Feasibility/Risk Options Analysis

Category	Description	Criteria	Individual & SHOP	SHOP Only
Business Objectives	A measure of solution's system alignment with key business requirements, market position, stability and market reputation	Satisfy business and functional requirement	●	●
		Time to Market	●	●
		Risks	●	●
		Strategic Fit	●	●
		Customer Base (Users)	●	●
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution	CO Prior Experience	●	●
		Ease of implementation	●	●
		Out of box capabilities	●	●
		Customizable and configurable	●	●
		Maintainability and Manageability	●	●
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities	Ease of Conversion	●	●
		Security and Access Management	●	●
		Performance and Quality	●	●
		Scalability	●	●
		Aligned with CO Strategy	●	●
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities	Collaboration/integration capabilities with other CO systems (Ex: SOA)	●	●
		Extensibility	●	●
		Technical Risks	●	●
		System management support (SNMP, TIVOLI, ...)	●	●
		Operational procedures	●	●
		Deployment process and procedures	●	●
		Training	●	●
Security & Compliance Objectives	A measure of solution's compliance with all Oregon and CMS mandated regulations	Disaster recovery plans	●	●
		Documentation	●	●
		Ability to integrate with CO's security infrastructure	●	●
		HIPAA & PII compliance	●	●
		Regulatory compliance	●	●

● Positive Fit/ Low Risk	○ Medium Fit/ Risk	● Negative Fit/ High Risk
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Cost Summary Analysis

The table below shows the associated costs with implementing a SaaS solution. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

Option 3 | Alternative 3

Detailed Analysis on Direct-to-Carrier
Enrollment

A: Leveraging a Direct-to-Carrier Enrollment Capability for CO

Background & Description

- The benefit of DTC is to provide an additional (rather than replacement of SBM) channel for the consumer
- Direct enrollment allows individuals to sign up for subsidized and unsubsidized coverage directly through an insurer; however, subsidy eligibility and calculations still have to run through and determination made by the FFM or SBM*
- Insurance carriers who meet the requirements can be authorized to help enroll individuals eligible for a tax credit subsidy using their online enrollment website*
- Using the DTC option will require connecting the applicant with the CO eligibility service in order to determine the eligibility for Medicaid or a subsidy. The use of the DTC will off-load some but not all of the enrollment transactions from CO
 - With DTC, the volume of transactions needing a subsidy determination will not be reduced on CO's web-site although the transaction time for CO's web-site should be reduced
 - Applicants who do not want or need a subsidy eligibility determination will be able to complete the enrollment completely through the carrier which should also reduce the volume of non-subsidy transactions for CO to handle
- Although other states are considering adding the DTC enrollment capability, Kentucky is the only known state Exchange currently using this functionality
- The FFM currently offers the option for carriers, brokers and agents to perform the DTC services. However, the capability is not yet working and is undergoing testing with carriers and brokers

Assumptions

- The direct enrollment process flow for CO assumes the model similar to the direct enrollment process flow used by the FFM
- This analysis assumes no legislative hurdles to direct enrollment
- This option assumes the majority of the CO potential applicants are eligible for subsidies and will need to connect to the CO web-site to determine subsidy eligibility. (HHS reported that 79 percent of the 2.2 million people who signed up for Exchange plans through December would receive a subsidy* The assumption is that Oregon has a similar % of subsidy eligible applicants)
- This option assumes the timeline for the DTC option will run simultaneously with another alternative without increasing the total calendar time
- Kentucky's experience with the DTC alternative was used to estimate costs and timeline with the assumption that the DTC capability implemented by Kentucky is a comparable example for the DTC alternative analysis
- This analysis only considers the cost of the additional capability not the cost of the underlying SBM capability

Methodology & Rationale

- To assess whether DTC enrollment could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost

• Brett Norman, Politico Pro, 1/24/14, Direct sign-up for Obamacare subsidy enrollees still bumpy, <https://www.politicopro.com/story/healthcare/7id-30288>
 • <http://healthaffairs.org/blog/2013/11/20/Implementing-health-reform-a-closer-look-at-direct-enrollment-by-insurers/>
 • http://www.cms.gov/CCIO/Resources/Regulations_and_Guidance/Downloads/ENR_OperationsPolicyandGuidance_5CR_100313.pdf

B: Leveraging a Direct-to-Carrier Exchange-Lite Solution for CO

Background & Description

- With the DTC Exchange lite capability, the carrier can perform eligibility determination for Medicaid and subsidies by accessing a web service provided by CO and enroll the applicants in an end-to-end process
- In addition, all consumer assistance services and support, including use of the navigator tools and call center provision will be managed by the carrier
- The benefit of DTC Exchange-lite is to provide a replacement channel for the consumer for both the web-access and the call-center/consumer assistance services. CO becomes a back-office Exchange support service to carriers
- Insurance carriers who meet the requirements can be authorized to help enroll individuals eligible for a tax credit subsidy using their own online enrollment website and call center. Using the DTC Exchange-lite option will require connecting the carrier with a CO supplied web-service to determine the eligibility for Medicaid and subsidies
- Regulatory approvals would be required for this alternative since CMS does not currently allow carriers to complete the eligibility determination for Medicaid and subsidies using a web service
- All CO's health and dental carriers must accept full responsibility for enrolling and servicing their own applicants. Any carrier not able to assume the complete enrollment and servicing responsibility would not be allowed to participate
- CO could choose a SaaS vendor or enhance the Oregon Medicaid technology to replace CO Exchange technology. (Essentially, the need for CO as an health care Exchange entity would be eliminated)

Assumptions

- This option assumes the technology used for DTC Exchange-lite would be a SaaS alternative or an enhanced Medicaid technology solution
- This option assumes Oregon would get the necessary CMS approvals and State approvals in time for the 2015 enrollment kick-off
- This option assumes a sufficient number of carriers would be willing to take on the additional costs and responsibilities.(See slide 8 for a visual illustration of the workflow and listed responsibilities)
- This option assumes that carriers would perform certain Exchange functions (e.g. Plan Management, Navigator, Consumer Assistance, Premium Payment) and the State would maintain certain functions (e.g. eligibility determination, some reporting, some notices)

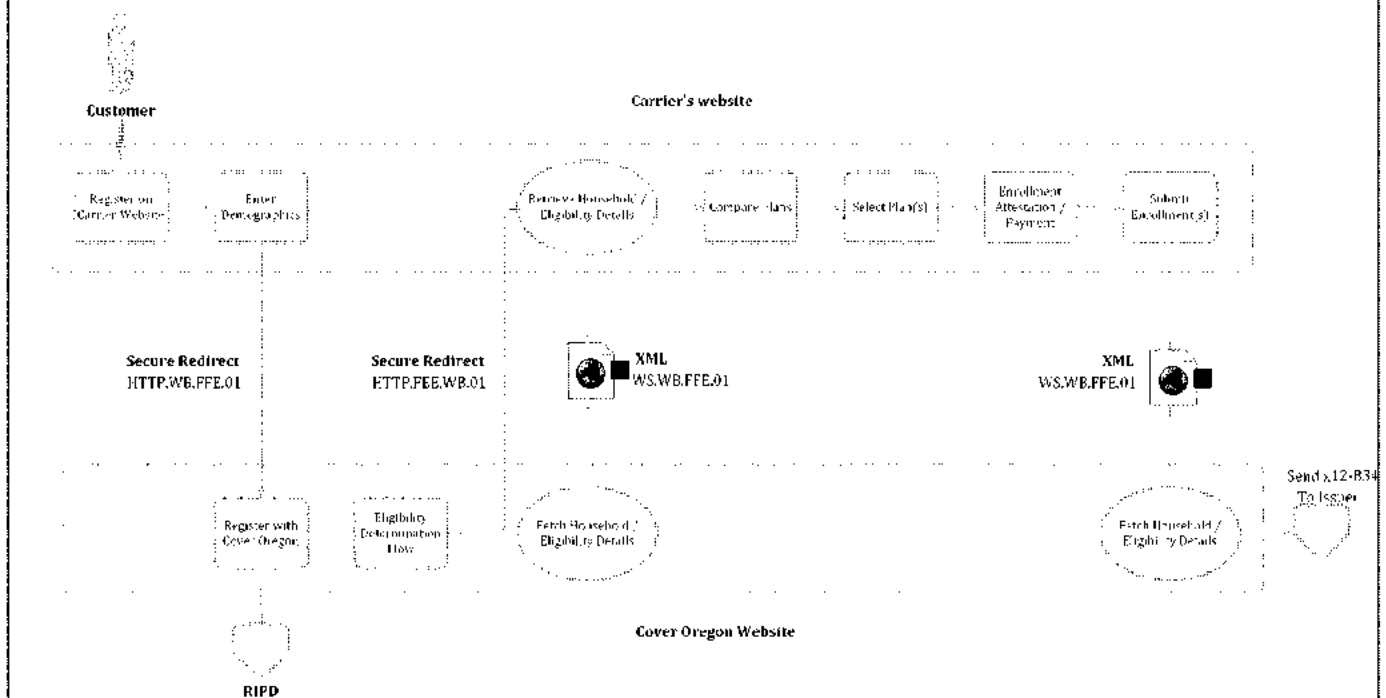
Methodology & Rationale

- To assess whether the DTC enrollment Exchange-lite alternative could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost

A: Leveraging a Direct-to-Carrier Enrollment Capability for CO

How Direct-to-Carrier Enrollment Works*

When an insurer directly enrolls an applicant in one of its qualified health plans through the Exchange, the applicant begins at the insurer's website. Once the insurer has collected basic information, the applicant is transferred to the Exchange website, where the applicant is registered and eligibility for premium tax credits is determined. The applicant is then transferred back to the insurer website for plan selection. The diagram below represents the adapted process flow proposed by HHS.

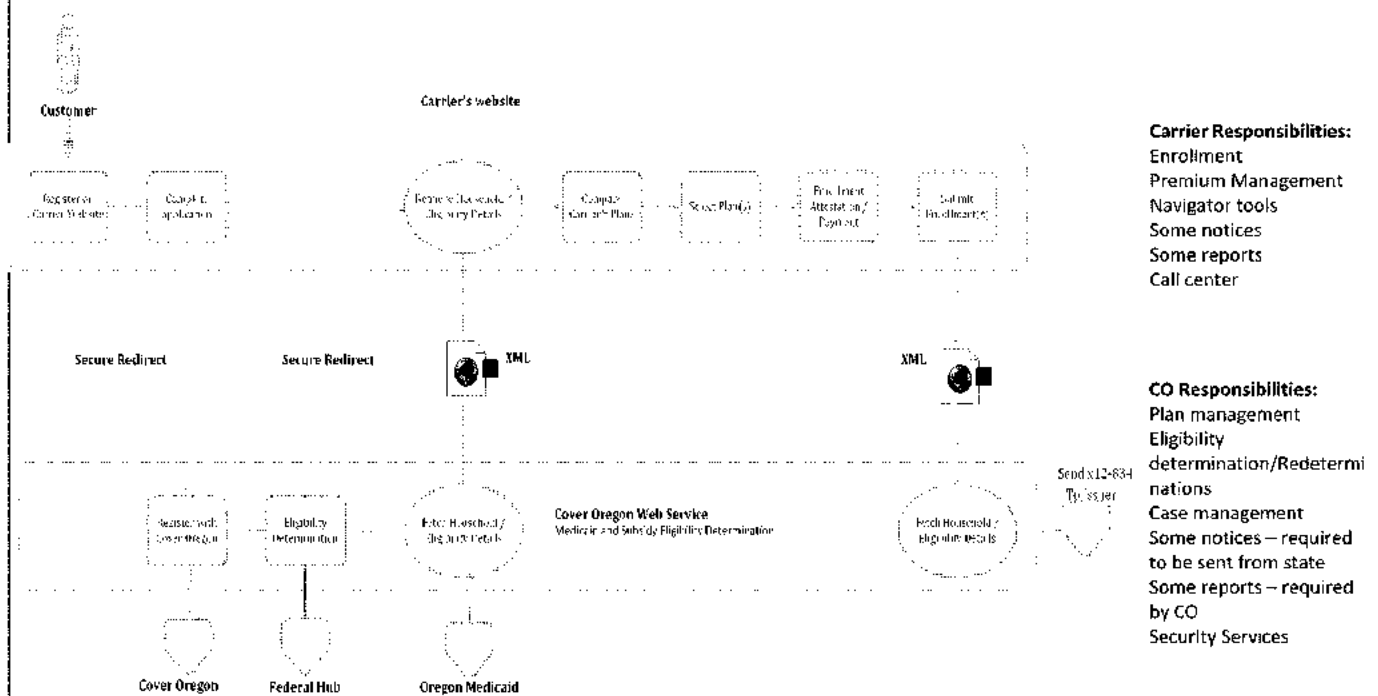


* http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/ENR_OperationsPolicyandGuidance_5CR_100313.pdf

B: Leveraging a Direct-to-Carrier Exchange-Lite Capability for CO

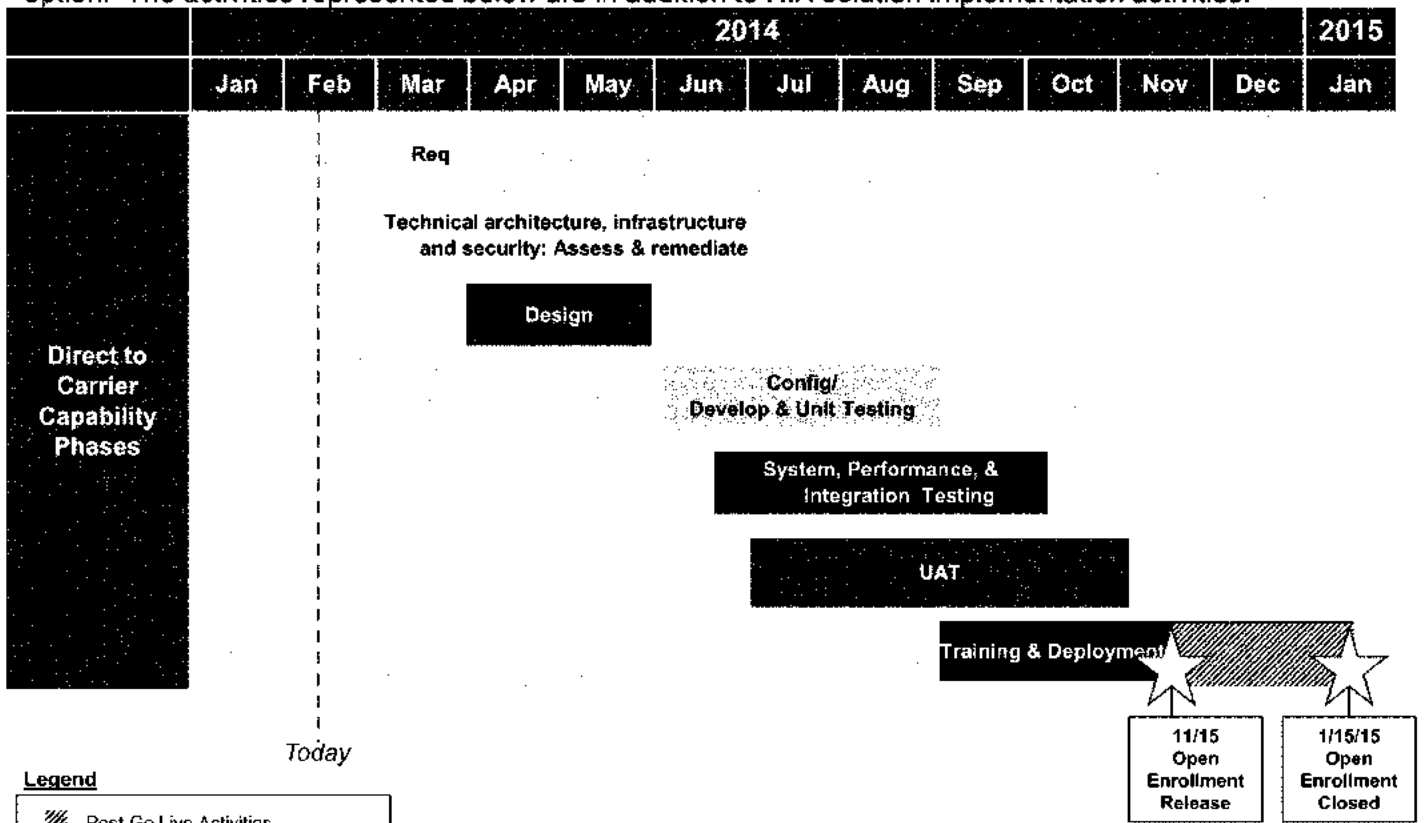
How Direct-to-Carrier Exchange-Lite Enrollment Works

When an insurer directly enrolls an applicant in one of its qualified health plans through the Exchange, the applicant stays on the insurer's website. Once the insurer has collected application information, the carrier accesses the Exchange web service, where the applicant is registered and eligibility for premium tax credits is determined. The carrier web site facilitates the applicant through plan selection, enrollment and premium payment. The diagram below represents the illustrative process.



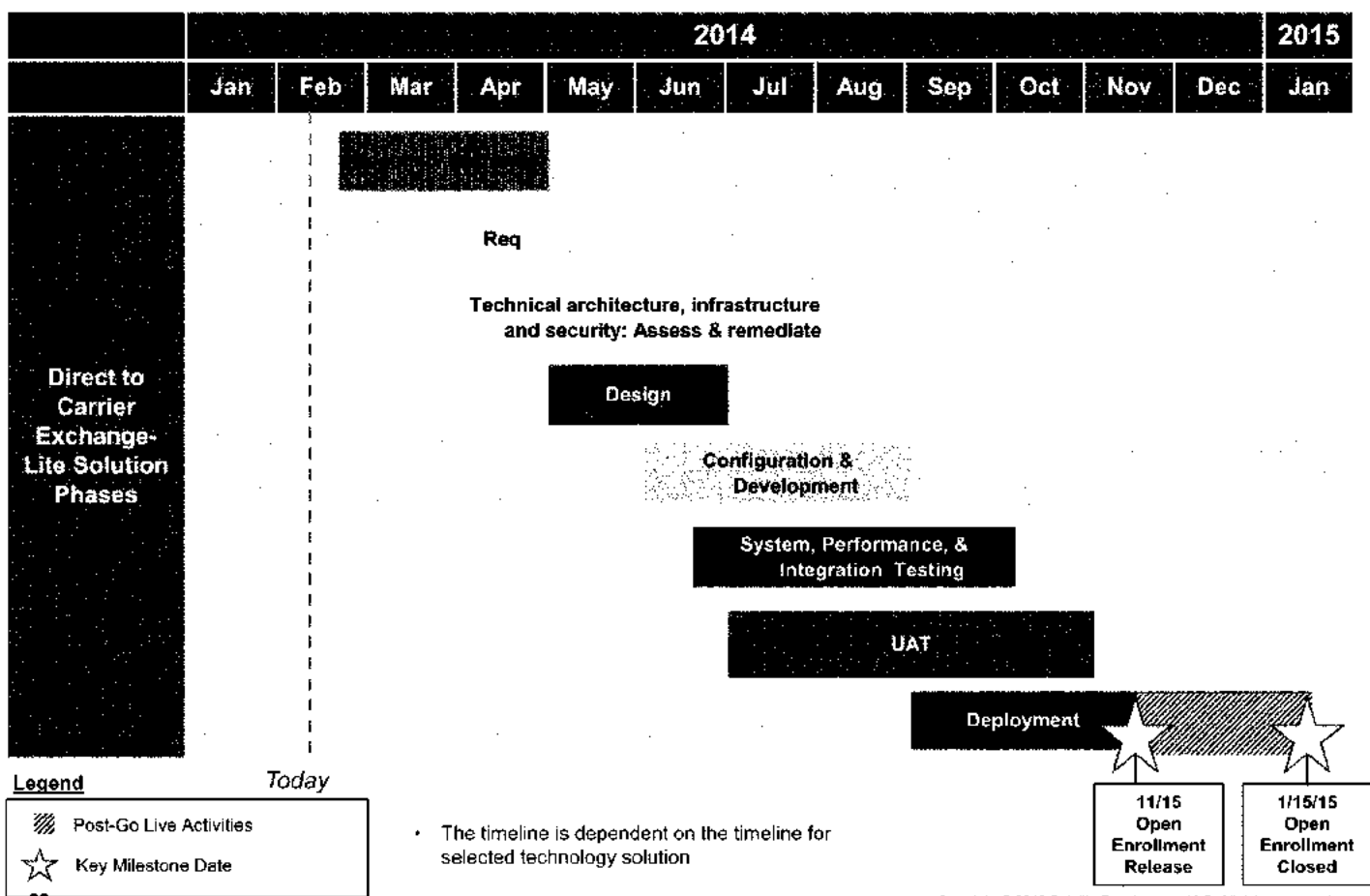
A: Illustrative Timeline for Direct-to-Carrier Capability*

This DTC capability is not a stand alone solution and must be implemented in tandem with the selected option. The activities represented below are in addition to HIX solution implementation activities.



*The timeline estimate is based on the Kentucky exchange timeline for implementing The DTC capability they refer to as 'Lead Generation'.

B: Illustrative Timeline for Direct-to-Carrier Exchange-Lite Solution*



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Cost Summary Analysis

The table below shows the associated costs with implementing Direct-to-Carrier enrollment capabilities. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

Transitioning to a full FFM Solution for CO

Background & Description

- A total of 27 states are using the FFM, each state using the FFM has the option of choosing whether the FFM will assess or determine Medicaid eligibility
 - Assessment Model – In this model, the FFM makes an initial assessment of Medicaid eligibility and the State Medicaid agency makes final Medicaid determination. 25* states have selected this model
 - Determination Model – In this model, the FFM makes the final Medicaid eligibility determination and transmits this determination to the State. 15 states have selected this model
- In either model, FFM status must build file transfers with CMS for Medicaid
- CMS has developed Business Specification Documents (BSDs) detailing the file transfer process

Assumptions

- This option assumes that no requirements will be defined other than those for states currently using the FFM
- This option assumes Oregon will chose an assessment model for eligibility determination
- This option assumes all carriers now participating in CO will continue to participate with the FFM
- The timeline and cost assumes that known issues and defects with the current file transfer process that FFM states are using are fixed
- The timeline for transitioning to an FFM assumes that CO requires that the FFM solution be implemented by 11/15/14 (for plan year 2015 open enrollment) and includes deployment activities through the end of the open enrollment period assumed to be 1/15/15
- Transitioning from the SBM to an FFM model for 2015 enrollments requires that a transition Blueprint be submitted to CMS by June 1, 2014

Methodology & Rationale

- To assess whether moving to the FFM could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost
- The legislative and regulatory changes is a key driver in determining timeline as well as the level of effort and cost for designing, developing and testing the file transfer process with CMS in order to transition to the FFM
- The sample FFM state that was used for this analysis is a determination state, however the file transfers with CMS are required regardless of whether the state is an assessment state or determination state

<http://medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Medicaid-and-CHIP-and-the-Marketplace/medicaid-chip-marketplace-Interactions.html>

Transitioning to a FFM Partnership Solution for CO

Background & Description

- One of the options available to states choosing the FFM model, is the FFM Partnership model. With this model, CO assumes primary responsibility for carrying out certain activities related to plan management, consumer assistance and outreach, or both
 - In a *State Plan Management Partnership Exchange*, the scope of state responsibilities includes: recommending plans for QHP certification, recertification and decertification; QHP issuer account management; and day-to-day administration and oversight of QHP issuers.
 - States can also choose to assume responsibility for in-person consumer assistance and outreach, through what is referred to as a *State Consumer Partnership Exchange**

Methodology & Rationale

- See the previous slide with the full FFM methodology and rationale information

Assumptions

- In addition to the assumptions associated with the "Transition to Full FFM" analysis, the following assumptions were applied to this analysis:
- CO will use their current technology for Plan Management and Consumer Assistance
- The cost estimates for the FFM Partnership alternative will not be materially greater than the technology costs for the Full FFM alternative
- This option assumes Oregon will chose an assessment model for eligibility determination
- The timeline and cost assumes that known issues and defects with the current file transfer process that FFM states are using are fixed
- The cost and technical feasibility/risk analysis for the FFM Partnership model is based on continuing to use the current Cover Oracle plan management technology

*<http://medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Medicaid-and-CHIP-and-the-Marketplace/medicaid-chip-marketplace-interactions.html>

Transitioning to FFM Hybrid Solution for CO

Background & Description

- In the Program Integrity Final Rule issued August 30, 2013, CMS amended the definition of "Exchange" and further indicated that states may elect to establish:
 - (1) An Exchange that facilitates the purchase of health insurance coverage in QHPs in the individual market and that provides for the establishment of a SHOP; or
 - (2) An Exchange that provides only for the establishment of a SHOP
- An arrangement in which the state operates the SHOP and the federal government operates the individual market Exchanges is generally known as a hybrid model
- Currently, only the State of Utah has CMS approval for a hybrid model; however, New Mexico is temporarily operating a hybrid model until such time as the state's individual Exchange is operational

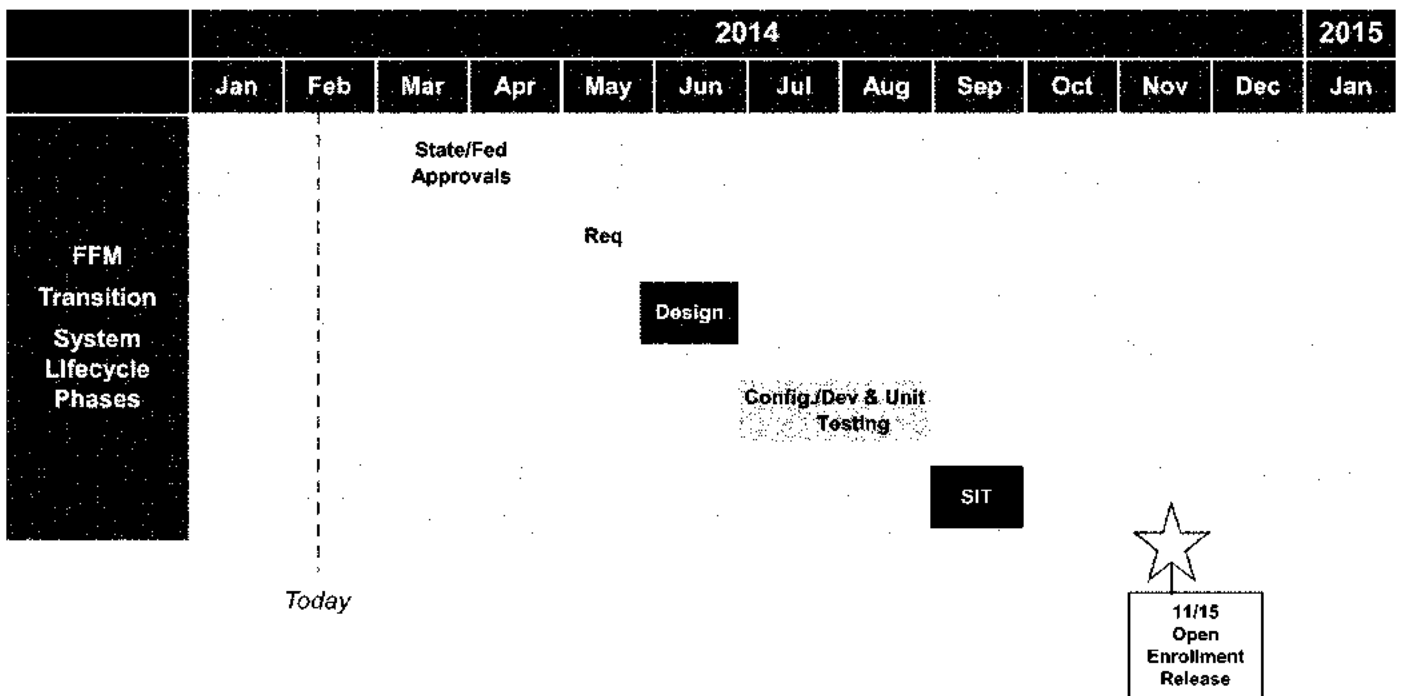
Assumptions

- In addition to the assumptions associated with the "Transition to Full FFM" and "Transition to FFM Partnership" analyses, the following assumptions were applied to this analysis:
 - This option assumes that no requirements will be defined other than those for states currently using the hybrid model
 - This option assumes Oregon will obtain the necessary state and federal approvals
 - This option assumes CO will use a SaaS for SHOP operation
 - This option assumes little to no integration for SaaS SHOP and the individual Exchange; therefore, in the hybrid model, using SaaS for SHOP will not affect the timeline or costs for moving the individual Exchange to the FFM

Methodology & Rationale

- To assess whether moving to a hybrid model could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost

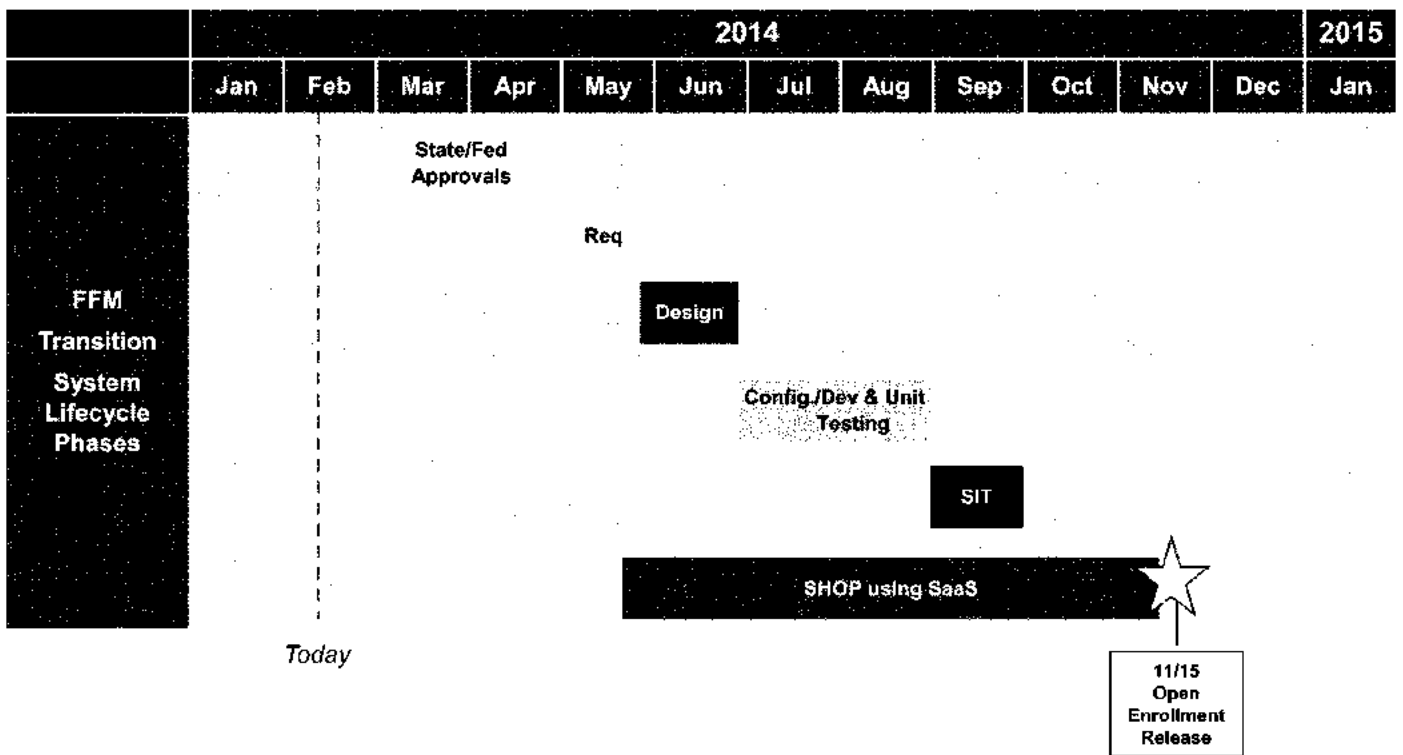
Illustrative Timeline for FFM Hybrid Solution



Legend

★	Key Milestone Date
---	--------------------

Illustrative Timeline for FFM Hybrid Solution



Legend

★ Key Milestone Date

Cost Summary Analysis

The table below shows the associated costs with implementing a FFM solution. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100k	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid Model with HHS	\$7.6-9.6M	Yes	\$14.4M	No

Deloitte.



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COVER OREGON ALTERNATIVES ANALYSIS SUMMARY

Category	Alternative	Timeline	Risk	Cost	Notes
"STAY THE COURSE"	Keep the Current Technology	21 months	Medium Risk	\$22M in 2014 (+ Oracle thru June + 150K Hrs in 2015 + Maintenance)	<ul style="list-style-type: none"> Allows Cover Oregon to continue use of the current technology (with significant remediation and enhancement), but would replace Oracle as vendor of production support and enhancement services
	Keep the Current Vendor	21 months	Medium Risk	\$45M in 2014 (+ 150K Hrs in 2015 + Maintenance)	<ul style="list-style-type: none"> Allows Cover Oregon to continue use of the current technology (with significant remediation and enhancement) and would keep Oracle as vendor of production support and enhancement services.
"NEW SOLUTION FOR COVER OREGON"	Transfer SBM	7-9 Months	Medium Risk	\$17-20M	<ul style="list-style-type: none"> Several successful functioning SBM models exist to utilize as the transfer solution for Cover Oregon Additional detailed analysis would be required to determine the closest fit to Cover Oregon's requirements Formal agreement with transferring SBM must be executed for code transfer
	Utilize Exeter Solution	Unknown	Unknown	Unknown	<ul style="list-style-type: none"> There is no known installed Exeter end-to-end HIX solution operating today
"NEW ROLE FOR COVER OREGON"	Regional Exchange	7-12 Months	Medium Risk	\$17-20M	<ul style="list-style-type: none"> No states choose to enter into a Regional Exchange State law requires changes (currently authorizes a SBM) as well as Federal approvals and likely not viable for 2014 open enrollment as Oregon 2014 Legislative Session is scheduled to end 3/9/2014 Customizations and upgrades would have to be agreed upon with Regional Exchange partner
	Software as a Service (SaaS) - Individual	Unknown	High Risk	~\$40M	<ul style="list-style-type: none"> No Exchange vendor in the market has a current SaaS installation for Individual Exchange
	Software as a Service (SaaS) - SHOP	5-6 Months	Low Risk	Minimum of \$18M	<ul style="list-style-type: none"> Vendor procurement required SaaS model limits customization Cover Oregon will receive upgrades to software (even if you don't use functionality)
	Direct-to-Carrier (DTC) Enrollment	8-10 Months	Medium Risk	\$2-3M	<ul style="list-style-type: none"> Currently one state is offering direct to carrier enrollment Although here is an expectation that the federal DTC capability will be functioning soon, it is not yet working successfully
	Direct-to-Carrier (DTC) Exchange Lite	8-10 Months	High Risk	Unknown	<ul style="list-style-type: none"> Requires implementing and maintaining an "Exchange Lite" - meaning certain functionality is still needed Current regulation neither contemplates nor prohibits an "Exchange Lite" arrangement; however, such an arrangement might violate the legislative intent with respect to allowing the consumer to shop and compare across carriers rather than just within a single carrier
"TRANSITION TO THE FEDERALLY FACILITATED MARKETPLACE (FFM)"	FFM for individual and SHOP	5-8 Months	Low Risk	\$4-6M	<ul style="list-style-type: none"> State law requires changes (currently authorizes a SBM) as well as Federal approvals and likely not viable for 2014 open enrollment as Oregon 2014 Legislative Session is scheduled to end 3/9/2014. Cover Oregon could proceed without making changes to State law, you introduce a potential for litigation (e.g., advocacy groups) Successful functioning FFM models, however several FFM states are encountering technical issues with the eligibility file transfers, known as the "Account Transfer" process CMS has contemplated states transition from FFM to SBM but not SBM to FFM Costly for participating carriers resulting in potentially losing carriers from the market It is unclear if Oregon would have to repay the ~\$300M in federal grants it received (or a portion thereof) for violating the Terms & Conditions of the grant (also applicable to FFM Partnership)
	FFM Partnership	5-8 Months	Low Risk	\$4-6M	<ul style="list-style-type: none"> Successful functional FFM Partnership models Allows Cover Oregon to maintain oversight over its insurance market and may not impact carriers as much as the FFM for individual and SHOP
	FFM Hybrid Model	5-8 Months	Low Risk	\$22-25M	<ul style="list-style-type: none"> Only one state (Utah) currently in this model intends to keep this model, Utah's motive for this model was driven by the fact that Utah already had an existing SHOP Exchange Federal regulations for the this model only allow states to retain SHOP, not individual. Regulations neither contemplate nor prohibit an arrangement that allow states to retain individual and utilize FFM SHOP

From: Fauver Amy <[REDACTED]>
Sent: 2/9/2015 7:22:09 PM +0000
To: KOLMER Sean P * GOV [REDACTED] KOLMER STATE EMAIL NAVAS
Melissa * GOV [REDACTED]
Subject: SBM status

Good morning, I'm sure you saw the OPB story this morning with the incorrect info that the Supreme Court had ruled already. OPB is correcting the web content and will read corrections on air. I also wanted to flag that both CO and CMS/CCIIO are not referring to OR as a Supported State based marketplace anymore since there is not such status in law or in administrative rules. Instead we are calling OR a state based marketplace using the federal technology.

Thanks,
Amy

<http://www.opb.org/news/article/politicians-need-to-keep-part-of-cover-oregon-alive/>

Amy Fauver | Chief Communications Officer | Cover Oregon

[REDACTED]



Alex Pettit, PhD
State Chief Information Officer and
Cover Oregon Acting Chief
Information Officer
155 Cottage Street NE, 4th Floor
Salem, OR 97301

Cover Oregon Final Report May 8, 2014

Background and Objective

Cover Oregon experienced significant challenges with the implementation of the technology solution to support the Oregon Health Insurance Exchange. Many of these challenges were identified by the First Data project assessment report of February 2014, which cited project organizational structural issues, poor project governance practices and vendor contract management issues. These problems forced the evolution of a hybrid manual/automated approach to enroll Oregon citizens for the 2013 open enrollment period which ended on April 30, 2014. The Cover Oregon healthcare exchange portal was only usable by certified health insurance agents and community partners.

A successful online enrollment solution depends upon definition of a clear project scope, specific and measurable requirements, an improved governance model, improved processes and internal controls, and a collaborative approach to prioritize the requirements. A cross-organizational Technology Options Workgroup (TOW) was formed to evaluate alternatives and recommend to the Cover Oregon Board of Directors the best technology option to support the 2015 open enrollment period beginning November 15, 2014, and to document this recommendation in a final report.

Options were evaluated across three criteria: Risk; Schedule; and Cost. Risk criteria was defined as the degree to which the option provided certainty for success. Schedule criteria was defined as all three components (enrollment, renewal, and change of circumstance) being thoroughly tested and operational prior to the start of open enrollment on November 15, 2014. Cost criteria was defined as the ability to be delivered within available Cover Oregon resources.

Workgroup Members

The workgroup included business and technical leaders from the Cover Oregon Board of Directors, health care industry representatives, State of Oregon leadership, and Cover Oregon executive team members. Workgroup meetings were supported with input from third party consultants engaged by Cover Oregon including Point B Management Consulting, Maximus and Deloitte. The listing of workgroup members appears in Table 1. The workgroup used a consensus-based approach that encouraged open discussion and dissent but relied upon group agreement to reach the final recommendation.

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Table 1: Workgroup Members

Workgroup Members	Organization
Liz Baxter	Chair, Cover Oregon Board
Dr. George Brown	Member, Cover Oregon Board
Teri Andrews	Member, Cover Oregon Board
Greg Van Pelt	President, Oregon Health Leadership Council
Chris Blanton	President, BridgeSpan Health
Erick Doolen	CIO, PacificSource Health Plans
Sue Hansen	CIO, Moda Health
John Kenagy	CIO, Legacy Health
Aaron Patnode	Executive Consultant, Kaiser Permanente Northwest
Bruce Wilkinson	CIO, Providence Health Plans
John Cimral	CIO, Cambia Health Solutions
Alex Pettit	CIO, State of Oregon
Tina Edlund	Acting Director, Oregon Health Authority (OHA)
Sean Kolmer	State of Oregon Governor's Office
Dr. Bruce Goldberg	Interim Executive Director, Cover Oregon
Aaron Karjala	CIO, Cover Oregon
Triz delaRosa	COO, Cover Oregon

TOW Meetings

Seven meetings of the workgroup were held, a breakdown of dates and topics is listed in Table 2. The meetings provided workgroup members information to understand the current state of the Cover Oregon development efforts to date and description of the current technology status, the technical alternatives to consider, articulation of the benefits and limitations of each solution, development of a preliminary go-forward plan and finalization of the specific path forward for Cover Oregon. Breakout discussions focused on: the systems development life cycle employed; project management and change control practices; identified software defects; infrastructure architecture benefits, limitations and challenges; requirements documentation; and software testing practices.

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Table 2: TOW Meetings

1	Initial Meeting	March 11	Articulate problem scope and constraints
2	Workshop	March 13	Further description of problem
3	Workshop	March 18	Articulation of solutions and limitations
4	Workshop	March 21	Go forward plan proposed and detailed
5	Preliminary Recommendation	March 27	Go forward plan reviewed and approved
6	Status Monitoring Meeting	March 31	Dual approach launch
7	Final Meeting	April 24	Final progress review and recommendation

Information from various sources was presented to provide workgroup members an appreciation of the technical aspects of the proposed alternatives. These inputs included information prepared by third parties, calls with other state exchanges, private sector organizations and information provided by Cover Oregon staff in response to specific requests from the workgroup. A summary of the information presented to the workgroup is described below. Supporting documentation can be found in the appendix of this document.

- Cover Oregon
 - Description of current technology status
 - High level technical architecture
 - Current status of software development
- Deloitte Consulting
 - Initial report describing technology alternatives
 - Deloitte observations and recommendations verbal report
- Maximus
 - Priorities and recommendations
 - Review of Cover Oregon activities and progress
- Others
 - Point B additional analysis and summary information
 - Call with representatives from the State of Idaho to understand their experience as FFM late adopter
 - Call with Rhode Island to understand its solution
 - Several calls with Exeter to understand product information and current capabilities
 - Call with Optum to understand FFM implementation tasks and timelines
 - Call with CMS to obtain additional information regarding FFM implementation tasks and timelines

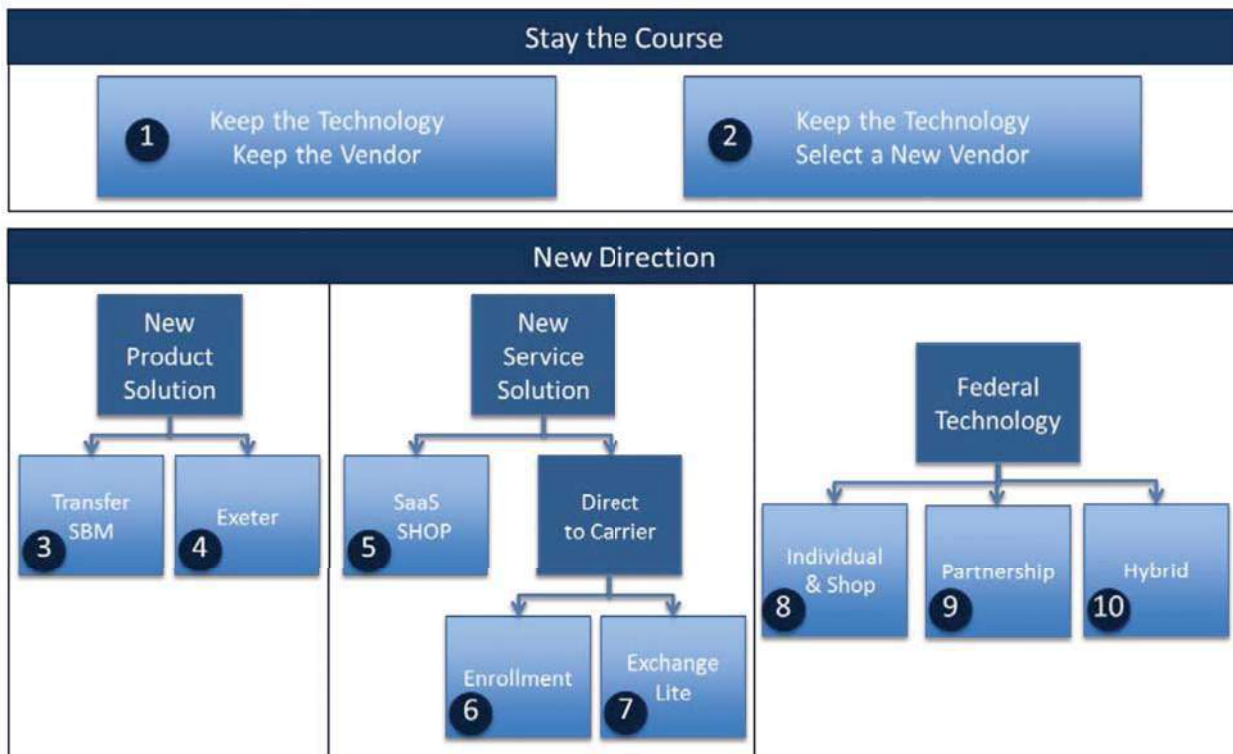
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Alternatives analysis

The original ten alternatives were provided by Deloitte Consulting. Figure 1 illustrates the options graphically with a more complete narrative of each in the listing that follows.

Figure 1

Initial Solution Alternatives



The alternatives considered by the workgroup based on this report are presented below:

1. Keep technology, current vendor: Cover Oregon would continue to develop the Exchange product on the current Oracle based technology and retain Oracle to deliver the solution.
2. Keep technology, new vendor: Cover Oregon would continue to develop the Exchange product on the current Oracle based technology but select a new technology delivery systems integrator.
3. Transfer state based marketplace: Cover Oregon would select and implement a functioning State Based Marketplace (SBM) from one of the 14 other State Based Marketplaces.

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4. Purchase Exeter exchange product: Cover Oregon would purchase Exeter Commercial Off-the-Shelf (COTS) portal solution and integrate with other components currently implemented with the current Cover Oregon solution.
5. Software as a service, SHOP: Cover Oregon would contract out SHOP functionality to a Software as a Service (SaaS) vendor. Contracting with a SHOP vendor is a partial solution. It does not replace the need for a fully functional Individual Marketplace. The analysis of this alternative assumes an Individual Marketplace leveraging the current technology with a new vendor.
6. Direct to carrier enrollment: The direct-to-carrier (DTC) model allows Cover Oregon to provide an additional enrollment channel through insurance carriers; however, DTC does not reduce the need for closing existing functionality gaps in the existing Cover Oregon solution. This capability provides Cover Oregon a potential reduction in certain enrollment transactions and reduction in transaction time. In short, the DTC capability is not a replacement of full exchange functionality, as it still requires Cover Oregon to build and maintain functionality for end-to-end exchange operations.
7. Direct to carrier exchange lite: The direct-to-carrier (DTC) "Exchange-lite" solution allows Cover Oregon to utilize carriers for all application, plan selection, enrollment and consumer service activities. This solution would eliminate the need for a Cover Oregon website and call center, allowing carriers to call a web service for eligibility determination and allow Cover Oregon to streamline the solution with the OHA modernization project.
8. Federal technology, individual and SHOP: Cover Oregon would transition to the Federally Facilitated Marketplace (FFM) for both Individual and SHOP Exchanges.
9. Federal technology, partnership: The FFM Partnership solution allows Cover Oregon to continue to manage the plan management and consumer assistance activities both operationally and technically.
10. Federal technology, hybrid: Cover Oregon would operate SHOP using a Software as a Service (SaaS) while using the FFM for individual market functions.

Discussion summary

An assessment of each alternative within the guidelines previously outlined was performed. Each alternative was assessed against the three criteria: risk, schedule and cost. In addition, the Cover Oregon team provided their assessment of their existing capabilities and functional gaps in the current technology solution.

A key consideration in evaluating the possibility of continuing with the current technology solution was the ability of Cover Oregon to effectively develop a software solution using the Oracle framework, a sophisticated and complex family of products which varied in integration from tightly to loosely coupled solutions. To address this consideration, information was collected about existing and planned management processes at Cover Oregon. The areas examined included program management, IT solution governance, solution development lifecycle management and solution deployment practices.

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It was apparent that seven of the ten alternatives could not meet risk, schedule, and/or cost requirements. Staying with the same vendor developing the same technology was quickly dismissed as a change to our approach was necessary to ensure a working solution is available in November 2014. Bringing in another commercial technology would require either acquisition of a new hardware and software structure or subscription to a Software as a Service (SaaS) model, the first adding too much time and the second not having been done by an exchange to date. In addition, using a commercial off the shelf (COTS) solution is what Cover Oregon did when it acquired the Oracle product stack, necessitating many modifications and customizations to meet the Oregon State Based Market (SBM) design requirements. None of the new service category of solutions identified have been done to date, and would require a great deal of planning before execution could begin. Of the federal technology options, how Oregon would work with the Federal Facilitated Marketplace (FFM) would need to be further defined from a policy and business aspect but assumes the use of the existing Healthcare.gov solution from a technology perspective and thus all three were viewed as basically a single technology solution option.

Final Three Alternatives

The guidelines led the workgroup to focus on three alternatives as potentially viable: transferring a solution from another state; continuing with our current technology but employing a new vendor; or utilizing the federal technology.

The transfer of another state's solution (Transfer SBM) alternative was considered an "on the bubble" option. Transferring functioning technology from another state in whole or in part was viewed as potentially a lower risk and lower cost option than fixing what has been developed. While another state may have implemented a solution successfully, transferring that solution to Oregon would be a first time event and carry the risks associated with unknown transfer process steps and activity duration. It remained a part of the evaluation process until more information was presented to the workgroup.

State System Transfer Analysis

Key findings of the State System Transfer included:

1. Utilizing a known technology core to start would reduce the risk by reducing the software development necessary;
2. Oregon could avoid the pitfalls and address issues proactively by leveraging the experience the other state had with implementing their solution;
3. A gap analysis would be required to identify differences in business functions, processes, and technology architectures;
4. Would require expertise and capacity current Cover Oregon staff do not possess;

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5. Development of SHOP functionality would still need to be addressed;
6. Some carrier interfaces would need to be developed; and
7. Evolving federal requirements for reporting and interfaces would need to be supported, necessitating some change control and management of software development.

As previously mentioned, it was discussed that no state has successfully transferred another state based marketplace (SBM) to date, making Oregon the first to do so. Infrastructure procurement and configuration would be necessary before modifications to the application could begin, thereby adding time and cost to the project. Finally, Maryland's proposed transfer of Connecticut's system will cost the state \$45MM for implementation (not including additional infrastructure costs), an amount which is outside the resources of Cover Oregon. This option was eliminated from consideration at the meeting on March 21, 2014.

Preliminary Recommendation

Based upon the information provided to the workgroup by the Cover Oregon staff and consultants, the TOW recommended that Cover Oregon should continue development and deployment of the current technology solution with a new vendor while actively retaining the ability to migrate to the FFM solution as a contingency if key Cover Oregon milestones were missed. This necessitated a parallel path of both exploring what a new vendor would require to stabilize the current system and completing the online enrollment and develop functionality for online renewal and change of circumstance. The State of Oregon's Chief Information Officer would monitor the achievement of milestones and if not met, would shift to deployment of the FFM for 2015 open enrollment and maintain the current Cover Oregon exchange technology through December 31, 2014 to support 2014 QHP enrollments.

100 Day Plan

The 100 Day Plan was for Cover Oregon to move forward with the dual path approach respective of the milestones described in Table 3. These milestones were described as contingency triggers, where failure to achieve a milestone would trigger the contingency to implement the move to the FFM. This plan required that the FFM solution be actively pursued simultaneously during the 100 day period.

If Cover Oregon were to have successfully completed the necessary tasks through June 30, 2014, the FFM contingency effort would have been halted and all resources focused on the completion of the current technology solution. Conversations with CMS and the State of Idaho supported that this approach provided sufficient time to implement the FFM by the start of the open enrollment period. While the June 30 date is the last go / no go formal decision point, failure to achieve any milestone would trigger the commitment to move to the FFM.

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Table 3: Fix Technology Using a New Vendor Milestones

1	Develop a product roadmap focusing on ACA requirements	4/4/2014
2	Sole source procurement approved	4/4/2014
3	Function gap completed and reasonable	4/11/2014
4	Cover Oregon governance structure build & operational	4/11/2014
5	Cover Oregon management in place	4/30/2014
6	Cover Oregon attrition is managed	4/30/2014
7	System integrator contract completed	4/30/2014
8	Open enrollment functionality requirements complete	5/30/2014
9	Open enrollment functional design complete	5/30/2014
10	Open enrollment technical design complete	5/30/2014
11	Open enrollment development on-track	6/15/2014
12	Final go/no-go decision	6/30/2014

Deloitte Assessment of the Current Technology

Findings:

1. Only the stabilization of the current software, completion of the online enrollment and development of renewal capabilities could be completed by November 15, 2014, leaving change of circumstance incomplete until November of 2015.
2. Coding bugs, when decomposed to the ITIL (Information Technology Infrastructure Library) standards of severity definitions came to over 700 Severity 1 and Severity 2 errors, indicating more work than anticipated to achieve stability.
3. A decision was made to run only 67 of the 77 CMS recommended blueprint test against the Cover Oregon code to support an accelerated development process. This implies that more errors exist in the code but have yet to be discovered.
4. No standard processes for change control, application release management, testing improvement, configuration management, root cause analysis, environment management, or management of enhancement service requests has been instituted. The skills necessary for Cover Oregon to finalize the development of the existing application are not currently within the Cover Oregon staff, and would need to be acquired.

Deloitte's estimate for the total level of effort to achieve stabilization, completion of the current enrollment solution, and development of new functionality to support renewal and change of circumstance is 390,000

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hours. At \$200/hr blended rate, the cost to Oregon was estimated to approach \$78MM, which does not include the core costs of hardware, software, licensing, and staff that Cover Oregon currently supports.

In summary, the timeline necessary introduces substantial risk to the project while assuming capabilities which Cover Oregon does not currently have, and allows little margin for error. Not all the necessary functionality can be completed by the November 2014 deadline. Finally, this option exceeds the resources of Cover Oregon. This option failed the reasonable gap analysis trigger previously identified.

Utilize the Federal Technology

Key findings of utilizing the Federal Technology:

1. Provides individual enrollment, renewal, and change of circumstance by the November 2014 deadline;
2. 11 of 16 Oregon insurance carriers already have interfaces with the FFM;
3. Medicaid eligibility can be moved to the Oregon Health Authority (OHA), requiring no further development from Cover Oregon;
4. Would lose the full integration of Medicaid and QHP, to support seamless transfers from QHP to Medicaid and back without having to re-enter application information; and
5. Agents would need to be certified by the FFM.

Enrollment, renewal, and change of circumstance functionality are currently available through the FFM, providing the lowest risk option to Oregon. All functionality will be available before November 2014, and the preliminary cost estimate from Deloitte of \$4MM-6MM is within available Cover Oregon resources. This estimate is only for Cover Oregon migration costs, which exclude the costs to move Medicaid to OHA. Oregon will use the federal technology for QHP eligibility and enrollment, including portal and call center services, and will retain front-end customer outreach, education, initial QHP management and some QHP oversight. Medicaid eligibility determination will be transferred back to the OHA. OHA will retain the Medicaid portal and call center, Medicaid consumer outreach and education, Medicaid determinations, enrollments, redeterminations and appeals. Both agencies would utilize a cross-agency project team, and rely on one systems integrator to coordinate activities across both projects, achieving synergies, maximizing resources and avoiding conflicts as execution is performed. Cover Oregon would need to continue to support people who enrolled in QHP's until December 31, 2014, which is also within current resources.



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Final Recommendation

The final TOW meeting was a public meeting held at Cover Oregon offices on April 24, 2014. The workgroup found that milestones to fix the current technology were not met. Based upon the risk, schedule, and cost, all TOW members agreed moving forward with the Federal Exchange for QHP and leveraging our current investment to support Medicaid in OHA was the best solution for the State of Oregon.

Appendix: Cover Oregon Final Report Documentation

Click on the link above to download materials

State	Marketplace Decision	Structure of Marketplace	Type of Marketplace
Alabama	FFM		
Alaska	FFM		
Arizona	FFM		
Arkansas	Partnership		
California	SBM	Quasi governmental	Active purchaser
Colorado	SBM	Quasi governmental	Clearinghouse
Connecticut	SBM	Quasi governmental	Clearinghouse
Delaware	Partnership		
District of Columbia	SBM	Quasi governmental	Clearinghouse
Florida	FFM		
Georgia	FFM		
Hawaii	SBM	Non profit	Clearinghouse
Idaho	SBM*	Quasi governmental	Clearinghouse
Illinois	Partnership		
Indiana	FFM		
Iowa	Partnership		
Kansas	FFM		
Kentucky	SBM	Operated by State	Not yet addressed
Louisiana	FFM		
Maine	FFM		
Maryland	SBM	Quasi governmental	Clearinghouse
Massachusetts	SBM	Quasi governmental	Active purchaser
Michigan	Partnership		
Minnesota	SBM	Quasi governmental	Clearinghouse
Mississippi	FFM		
Missouri	FFM		
Montana	FFM		
Nebraska	FFM		
Nevada	SBM	Quasi governmental	Clearinghouse
New Hampshire	Partnership		
New Jersey	FFM		
New Mexico	SBM*	Quasi governmental	Not yet addressed
New York	SBM	Operated by State	Active purchaser
North Carolina	FFM		
North Dakota	FFM		
Ohio	FFM		
Oklahoma	FFM		
Oregon	SBM	Quasi governmental	Active purchaser
Pennsylvania	FFM		
Rhode Island	SBM	Operated by State	Active purchaser
South Carolina	FFM		
South Dakota	FFM		
Tennessee	FFM		
Texas	FFM		
Utah	FFM		
Vermont	SBM	Operated by State	Active purchaser
Virginia	FFM		
Washington	SBM	Quasi governmental	Clearinghouse
West Virginia	Partnership		
Wisconsin	FFM		
Wyoming	FFM		

* Idaho and New Mexico are transitioning to SBMs



**COVER
OREGON**

Policy Alternative Assessment Preliminary Report

February 10, 2014

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Background

- Oregon selected Oracle Corporation to design, develop and implement its SBM
- In July 2012, Governor sent letter of intent to establish a State Based Marketplace (SBM)
- In July 2012, Oregon decided to cancel the System Integrator (SI) RFP for the SBM and Modernization projects. Oregon decides to be their own SI
- In December 2012, CoverOregon received conditional approval to operate its SBM
- On October 1, 2013, CoverOregon opened for business without a fully functioning website; Information pages are available but Oregonians must apply via paper applications
- Today, the website has been made available to Customer Service Representatives with a planned release to Community Partners later in the week. An assessment of public readiness will be made over the next several weeks

Assessment

Purpose

- CoverOregon is evaluating alternatives to consider relative to their future SBM
- Deloitte was hired to conduct an analysis on the alternatives and provide options

Objectives

- Provide an assessment of the multiple alternatives available to CO to meet their requirements and the healthcare purchasing needs
- Using qualitative and quantitative (where applicable) analysis, evaluate alternatives against set criteria

Options Overview

<p>“Stay the Course” – Assess the alternatives if CO keeps the current technology and/or vendor. For this option, two alternatives were considered:</p> <ul style="list-style-type: none">Keep the current vendorKeep the current technology	<p>“New Role for CO” – Assess other methods that CO could use to facilitate enrollment. For this option, three alternatives were considered:</p> <ul style="list-style-type: none">Regional ExchangeSoftware as a Service (SaaS)Direct to Carrier
<p>“New Solution for CO” – Assess replacement solution alternatives for SBM. For this option, two alternatives were considered:</p> <ul style="list-style-type: none">Transfer SBMUse Exeter solution	<p>“Transition to the Federally Facilitated Marketplace (FFM)” – Assess options for transitioning to the FFM. For this option, three alternatives were considered:</p> <ul style="list-style-type: none">FFM for Individual and SHOPFFM Partnership ModelFFM Hybrid Model

Evaluation Approach

Each alternative includes relevant background information, assumptions and the methodology and rationale for conducting the analysis. Three primary criteria were used to evaluate the alternatives and options:



Timeline – What is the estimated time to implement the alternative from go-forward date to a working solution launch date (specifically with the 2014 open enrollment date in mind)?



Cost – What is the estimated go-forward implementation cost of the alternative?



Technical Feasibility/Cost – What is the technical difficulty/risks of the alternative?

Summary of Analysis

See attached placemat.

Options Analysis Summaries

1.1: Stay the Course, Keep the Technology: Summary of Analysis

The Stay the Course - Keep the Technology approach allows Cover Oregon to continue use of the current technology (with significant remediation and enhancement), but would replace Oracle as vendor of production support and enhancement services. Analysis indicates that this solution will have medium technical risk and would take until November 2015 to implement at a cost of \$22M in 2014 plus 150K hours in 2015. In addition, Oracle would need to participate in transition, enhancement, remediation, and production support through June 2014, which could add up to 100K additional hours.

Time Estimate	Technical Feasibility	Cost Estimate
<p align="center">21 months</p>	<p align="center">Medium Risk</p>	<p align="center">\$22 Million in 2014 *</p>
<ul style="list-style-type: none"> • In order to have an adequate window to complete Vendor Transition and Release 2 Implementation before the next open enrollment period, transition activities should start immediately • Detailed Vendor Transition Assessment and SOW: 6 weeks (2/24/2014 – 4/4/2014) • Vendor Transition: 12 weeks (4/7/2014 – 6/27/2014) • Release 2 Implementation: 40 weeks (2/10/2014 – 11/14/2014) <ul style="list-style-type: none"> – Design: 8 weeks – Build: 16 weeks – Test: 8 weeks – UAT: 6 weeks – Deployment/Contingency: 2 weeks • Release 3 Implementation: 52 weeks (11/17/2014 – 11/13/2015) • It may be possible to break Releases 2 and 3 into multiple sub-releases 	<ul style="list-style-type: none"> • The current solution is highly complex (consisting of several packaged application technologies that have been extensively customized) • Several enhancements are pending: <ul style="list-style-type: none"> – Change Reporting, Renewals, SHOP – Usability and Data Quality (e.g., User Acct. Mgmt Dashboard, Dental Shopping, Carrier Portal/Interfaces, Sales Force Automation) • It appears that additional project management and testing rigor will be required to stabilize the solution • The backlog contains estimated 1,500 open functional/performance defects • Additional remediation appears necessary to address architecture, design, code quality, data, deployment, and training issues • Compliance with CMS regulations, HIPAA, and PII is difficult to confirm (e.g., due to data quality issues) 	<ul style="list-style-type: none"> • Implementation costs: \$22M for 195K hours in 2014 (additional 150K hours required in 2015) <ul style="list-style-type: none"> – Enhancing the solution: 220K hours <ul style="list-style-type: none"> • Incl. 50K hours to remediate existing architecture, design, code quality, data, deployment, and training issues (primarily to improve long-term supportability/upgradeability/scalability) – Performing more thorough testing: 80K hours – Planning and executing the transition to a new vendor: 40K hours • Maintenance costs: \$3.5M for 30K hours in 2014 <ul style="list-style-type: none"> – Production support in 2015: 70K hours – Above 2014 and 2015 efforts include 40K hours to resolve an assumed 2,000 existing functional/performance defects (1,500 already logged and 500 expected to be identified in the future) – Not included are: <ul style="list-style-type: none"> • Help desk (level 1) support • Infrastructure and product support (Hosting/License budgets not changing)

* The effort/cost figures above are for the **new vendor only** and assume that Oracle will also participate in transition, enhancement, remediation, and production support through June 2014, which could add up to another 100K additional hours.

1.2: Stay the Course, Keep the Vendor: Summary of Analysis

The Stay the Course - Keep the Vendor approach allows Cover Oregon to continue use of the current technology (with significant remediation and enhancement) and would keep Oracle as vendor of production support and enhancement services. Analysis indicates that this solution will have medium technical risk and would take until November 2015 to implement at a cost of \$45M in 2014 plus 150K hours in 2015.

Time Estimate	Technical Feasibility	Cost Estimate
<p align="center">21 months</p>	<p align="center">Medium Risk</p>	<p align="center">\$45 Million in 2014</p>
<ul style="list-style-type: none"> • Release 2 Implementation: 40 weeks (2/10/2014 – 11/14/2014) <ul style="list-style-type: none"> – Design: 8 weeks – Build: 16 weeks – Test: 8 weeks – UAT: 6 weeks – Deployment/Contingency: 2 weeks • Release 3 Implementation: 52 weeks (11/17/2014 – 11/13/2015) • It may be possible to break Releases 2 and 3 into multiple sub-releases 	<ul style="list-style-type: none"> • The current solution is highly complex (consisting of several packaged application technologies that have been extensively customized) • Several enhancements are pending: <ul style="list-style-type: none"> – Change Reporting, Renewals, SHOP – Usability and Data Quality (e.g., User Acct. Mgmt Dashboard, Dental Shopping, Carrier Portal/Interfaces, Sales Force Automation) • It appears that additional project management and testing rigor will be required to stabilize the solution • The backlog contains estimated 1,500 open functional/performance defects • Additional remediation appears necessary to address architecture, design, code quality, data, deployment, and training issues • Compliance with CMS regulations, HIPAA, and PII is difficult to confirm (e.g., due to data quality issues) 	<ul style="list-style-type: none"> • Implementation costs: \$45M for 215K hours in 2014 (additional 150K hours required in 2015) <ul style="list-style-type: none"> – Enhancing the solution: 285K hours <ul style="list-style-type: none"> • Incl. 50K hours to remediate existing architecture, design, code quality, data, deployment, and training issues (primarily to improve long-term supportability/upgradeability/scalability) – Performing more thorough testing: 80K hours • Maintenance costs: \$12M for 60K hours in 2014 <ul style="list-style-type: none"> – Production support in 2015: 70K hours – Above 2014 and 2015 efforts include 40K hours to resolve an assumed 2,000 existing functional/performance defects (1,500 already logged and 500 expected to be identified in the future) – Not included are: <ul style="list-style-type: none"> • Help desk (level 1) support • Infrastructure and product support (Hosting/License budgets not changing)

2.1: State Based Marketplace (SBM) Transfer Solution: Summary of Analysis

The transfer solution allows CO to import a functioning State Based Marketplace (SBM) from one of the 17 states that were granted approval by CMS to build and operate an SBM. As of October 1st, 2013, five SBMs^{1,2} are demonstrating recognized success in performing required end-to-end functions for shopping and comparison, eligibility, and enrollment into health plans. Using a functioning SBM as a sample, analysis indicates that a transfer solution will have moderate technical risk and is estimated to take 7 – 9 months and \$17 – 20M to implement.

Time Estimate	Technical Feasibility	Cost Estimate
7 – 9 months	Medium Risk	\$17 – 20 Million
<ul style="list-style-type: none"> • The software development lifecycle (SDLC) time estimates for a transfer solution is estimated as follows: <ul style="list-style-type: none"> – Requirements: 3-6 weeks – Design: 8-12 weeks – Configuration / Development / Unit Testing: 10-14 weeks – Systems Integration Testing: 14-18 weeks – User Acceptance Testing: 16-20 weeks – Deployment: 37 weeks (distributed with multiple releases) • To achieve this timeline it is assumed the transfer solution will meet CO's needs with minimal customizations 	<ul style="list-style-type: none"> • The sample SBM uses Java-based technology which is compatible with CO's infrastructure • Sample SBM's phased implementation approach allows for incremental development with scope management to lower the technical risk • Use of Service-Oriented Architecture (SOA) promotes the ease of collaboration and integration with CO's existing SOA environment • Solution's open architecture makes integration with other systems lower risk • Current standard CMS reports have been developed; custom reporting capabilities exist • The transfer solution is compliant with CMS regulations, HIPAA and PII • A system transfer of a SBM has not been completed for a new SBM 	<ul style="list-style-type: none"> • Go-forward implementation costs will range from \$17M to \$20M, based on the assumed areas of customization • The cost of hardware and software licenses and warranty costs needed to support the SBM transfer solution are not included in this cost estimate • Maintenance costs are not included in this estimate. Maintenance cost is a function of scope and enhancements required to support CO. • A change to the transfer solution's security architecture is not included in this estimate.

¹<http://www.pewstates.org/projects/stateline/headlines/why-some-state-run-health-exchanges-worked-85899525479>

²<http://www.usatoday.com/story/news/nation/2013/12/10/stateline-health-exchange-aca/3951043/>

2.2: Exeter Solution: Summary of Analysis

Based on the available information for this alternative, we could not complete a detailed analysis for timeline, cost, and technical feasibility. Our assessment concludes that implementation time, technical feasibility, costs, and risk associated with this solution is unknown and could not be determined given the dearth of information available.

Time Estimate	Technical Feasibility	Cost Estimate
Unknown	Unknown	Unknown
<ul style="list-style-type: none">• Exeter submitted a proposal to CO indicating a two-week implementation timeline; however there is no evidence of an Exeter product that has been implemented to operationalize an end-to-end SBM• Exeter's OneGate product was a component of the Hawaii and Vermont SBMs, both technology implementation timelines were ~10 months. However, both states have had difficulties with their Exchange implementation• Based upon the limited information, a time estimate could not be developed for this alternative	<ul style="list-style-type: none">• Choosing a solution that has not been successfully installed to meet end-to-end requirements represents a high technical risk• Based on publically available information, Exeter's solution has not been tested in an end-to-end solution presents a high risk for time-consuming implementation defects that will need to be identified and fixed during the testing phase• Exeter indicated its OneGate product is built on an Oracle technology stack and ties Oracle products together into a working Exchange.* Replacing one Oracle-based solution with another is not likely to address the existing CO Oracle-based risk factors and technology issues• It is unclear how the Exeter plan will address existing enrollments nor how the scope of the OneGate solution maps to the capabilities required by a SBM	<ul style="list-style-type: none">• Without more information regarding the Exeter scope and solution proposed to CO, we have no information to estimate that an Exeter solution cost would be any less than the SBM transfer solution cost

*Oracle Healthcare Reform Solutions: Modular, Managed, and MAGI Webcast

3.1: Regional Exchange: Summary of Analysis

Section 1311(f)(1) of the Affordable Care Act provides the option for States to establish Regional Exchanges that operate in more than one State if this operation is permitted by each State and if the Regional Exchange is approved by the Secretary of Health and Human Services. Analysis indicates that a regional Exchange solution is highly unlikely to be a viable option for 2014 open enrollment due to the regulatory requirements involved before the implementation starts. Currently, there is no proven solution of regional Exchange in the marketplace.

Time Estimate	Technical Feasibility	Cost Estimate
7 – 12 months	Medium Risk	\$17 – 20 Million
<ul style="list-style-type: none"> The length of time required for this option is driven primarily by CO’s ability to obtain the approvals associated with joining a regional Exchange. The critical path will be obtaining legislative authority (1 month) before the requirement phase begins. The software development lifecycle for a regional HIX solution implementation is estimated to be 9-11 months: <ul style="list-style-type: none"> – Requirement: 6-10 weeks – Design: 12-16 weeks – Configuration / Development / Unit Testing: 14-18 weeks – System Integration Testing: 18-22 weeks – User Acceptance Testing: 16-20 weeks 	<ul style="list-style-type: none"> There is currently no proven regional Exchange in the marketplace, hence no shared architecture design is available for reference. CoverOregon would need to accept the technical infrastructure of the regional Exchange Scability of the regional Exchange needs to be validated through performance and stress testing to ensure the system can allow both states’ customer base. Governance and manageability can be an issue when critical issues arise. Tight controls will be inforced to support adherence to a common model/functionality by all participants in the regional Exchange 	<ul style="list-style-type: none"> Go-forward implementation costs will range from \$17M to \$20M, based on the assumed areas of re-design or customization. The cost of hardware and software licenses and warranty costs needed to support the regional Exchange solution are not included in this cost estimate Maintenance costs are not included in this estimate. Maintenance cost is a function of scope and enhancements required to support CO.

¹<http://www.pewstates.org/projects/stateline/headlines/why-some-state-run-health-exchanges-worked-85899525479>

²<http://www.usatoday.com/story/news/nation/2013/12/10/stateline-health-exchange-aca/3951043/>

3.2 a: Software as a Service for Individual and SHOP: Summary of Analysis

CO has the option to contract out the entire Exchange function to a software-as-a-service (SaaS) vendor. Contracting out the entire Exchange function carries a high risk since there is currently no proven successful implementation for a State Exchange.

Time Estimate	Technical Feasibility	Cost Estimate
Unknown	High Risk	~\$40M
<ul style="list-style-type: none">• There is currently no proven successful implementation of both the individual and SHOP Exchanges using a SaaS vendor as the primary contractor. GetInsured is expected to implement New Mexico's Exchange using SaaS for plan year 2015 with a planned implementation timeline of seventeen months	<ul style="list-style-type: none">• Since there is currently no proven successful implementation of this model, this solution presents a high technical risk for CO• Implementing SaaS for both the individual and SHOP Exchanges can cause technical difficulties in the future when integrating with other systems (e.g., State Eligibility System)	<ul style="list-style-type: none">• GetInsured is expected to implement New Mexico's Exchange using SaaS for plan year 2015 at a cost of \$40M. This is currently the only known contract for a SaaS vendor as the primary contractor for both the Individual and SHOP Exchanges

3.2 b: Software as a Service for SHOP Only: Summary of Analysis

CO has the option to contract out the SHOP functionality to a SaaS vendor. Analysis shows that while contracting out SHOP is not a standalone solution, it likely can be implemented with low technical risk in approximately five to six months, for a minimum cost of \$18M (\$3.6M implementation cost and monthly charges over three years) .

Time Estimate	Technical Feasibility	Cost Estimate
5-6 Months	Low Risk	Minimum of \$18M
<ul style="list-style-type: none"> Based on the case study for Access Health CT (Connecticut's Exchange) SHOP, implementing SHOP Exchange using a SaaS vendor is expected to take approximately five to six months² 	<ul style="list-style-type: none"> Implementing SaaS for the SHOP Exchange functionality presents low technical risk because the software is hosted by the vendor SaaS for the SHOP functionality aligns with CO's strategy for an employee-choice SHOP model The current Access Health CT's SaaS vendor (bswift) has a solution that is already been configured to meet CMS requirements, including dashboards for affordability tests. The solution is also ACA and HIPAA compliant 	<ul style="list-style-type: none"> The cost for SaaS SHOP functionality is a minimum of \$18M, based on the case study of Access Health CT's SHOP functionality¹ This cost is calculated by adding the one-time implementation fee of \$3.6M to the monthly charges for three years, as follows: <ul style="list-style-type: none"> Year 1 = \$460,000 per month Year 2 = \$380,000 per month or PMPM rates (whichever is greater) Year 3 = \$350,000 per month or PMPM rates (whichever is greater) PMPM rates <ul style="list-style-type: none"> <20,000 users, \$28.80 / month >20,000 users, \$23.25 / month The cost for the SaaS SHOP solution will be ~\$18M if there are fewer than 13,195 users in Year 2, and fewer than 12,153 users in Year 3. If the number of users is greater than these amounts, the cost will increase in proportion to the increase in number of users

¹http://www.ct.gov/hix/lib/hix/HealthPass_Contract.pdf

²<http://www.bswift.com/?/public/pressrelease/access-health-ct-selects-healthpass-bswift-solution-to-provide-small-busine>

³<http://www.bswift.com/?/public/software-and-services-software#comply>

3.3 a: Direct-to-Carrier Enrollment Capability: Summary of Analysis

The direct-to-carrier (DTC) model allows CO to provide an additional enrollment channel through insurance carriers; however, DTC does not reduce the need for closing existing functionality gaps in the CO existing solution. This capability provides CO a potential reduction in certain enrollment transactions and reduction in transaction time. In short, the DTC capability is not a replacement of full Exchange functionality, as it still requires CO to build and maintain functionality for end to end Exchange operations.

Time Estimate	Technical Feasibility	Cost Estimate
8 – 10 months	Medium Risk	\$2-3 Million
<ul style="list-style-type: none"> The timeline estimate for implementing the DTC capability is based on the Kentucky Exchange, as they are currently the allowing direct enrollment through carriers Using the DTC capability, the carrier can facilitate eligibility determination for Medicaid and subsidies by navigating the applicant from the carrier’s website to and from the CO website; security and testing needs to successfully install this capability is a strong driver for the time needed to implement CO’s timeline is dependent on the carriers’ timeline for meeting the CMS authorization requirements (authorization to become an entity allowed to perform enrollment and installing the technology) 	<ul style="list-style-type: none"> Although there is an expectation that the federal DTC capability will be functioning soon*, it is not yet working successfully. The difficulties with their implementation of DTC might indicate a greater degree of risk for CO to implement. The security concerns for the DTC capability requires additional security technology. The additional security has been a challenge to meeting high volume transaction processing needs. This requires a change to each of the carrier sites to support real-time integration with the SBM Based on the mixed success in successful implementation, this capability was determined to be medium risk 	<ul style="list-style-type: none"> The CO cost of implementing a DTC technology capability is estimated based on Kentucky DTC implementation costs. There are 11 carriers offering health coverage through CO and three carriers offering coverage through the Kentucky SBM – only one carrier is offering DTC in KY. If there are more CO carriers choosing to participate in direct enrollment, it is anticipated that the testing cost for CO will be greater. The cost of this capability will be in addition to the cost for other Exchange functionality through whatever solution is selected (e.g., transfer SBM, SaaS, etc).

* Brett Norman. Politico Pro. 1/24/14. Direct sign-up for Obamacare subsidy enrollees still bumpy.

http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/ENR_OperationsPolicyandGuidance_5CR_100313.pdf

3.3 b: Direct-to-Carrier Enrollment – Exchange-Lite Solution: Summary of Analysis

The direct-to-carrier (DTC) “Exchange-lite” solution allows CO to utilize carriers for all application, plan selection, enrollment and consumer service activities. This solution would eliminate the need for a CO website and call center, allowing carriers to call a web service for eligibility determination and allow CO to streamline the solution with the Modernization project. Overcoming regulatory barriers would be a key consideration as this model does not currently exist. The solution timeline would be similar to the SaaS option but carry a high technical risk. The cost for this alternative is unknown given the number of variables.

Time Estimate	Technical Feasibility	Cost Estimate
<p align="center">8 – 10 months</p>	<p align="center">High Risk</p>	<p align="center">Unknown</p>
<ul style="list-style-type: none"> • The DTC “Exchange-lite” model is not currently operational nor is it authorized by CMS (e.g, does not allow for comparing plans across carriers). Therefore, holding discussions with CMS and getting their approval for this alternative will be a critical path activity • CMS would also need to authorize carriers to use the navigator tools that support consumer assistance • This solution timeline is heavily dependent of carriers’ timeline for meeting anticipated CMS authorization requirements and installing the technology is a key timeline dependency • The security and testing needs to successfully install this capability is a strong driver for the time needed to implement • The timeline for the technology selected may impact the timeline 	<ul style="list-style-type: none"> • The web service to connect carriers with either CO’s or Oregon’s State Medicaid eligibility and subsidy determination modules does not currently exist and would need to be developed and tested, including significant system integration and user testing • The solution would be heavily dependent on carriers successful implementation of the web service and their updates to their enrollment solutions to capture the information required for an eligibility determination • Oregon’s Medicaid eligibility technology could be adapted for use with this alternative which presents a risk for new development. • There is not an existing SaaS solution for the technology needed. • Assurances of appropriate stress testing of the carrier’s capabilities working with the web service would be important to assure they can handle the anticipated peak volumes 	<ul style="list-style-type: none"> • Given the number of variables for this model and no available benchmark, cost could not be derived for this model

4.1: Full Federally Facilitated Marketplace (FFM) Solution: Summary of Analysis

The FFM solution is for CO to transition to the FFM for both the Individual and SHOP Exchanges. There are currently 27 states using the FFM. Analysis indicates that transitioning to the FFM solution will have low technical risk and is estimated to take 5-8 months and \$4-6 million to implement. The largest challenges are closing down CO operations and enabling the technical connectivity with the federal Exchange.

Time Estimate	Technical Feasibility	Cost Estimate
<p align="center">5-8 months</p>	<p align="center">Low Risk</p>	<p align="center">\$ 4-6 Million</p>
<ul style="list-style-type: none"> • Obtaining the necessary state and federal approvals is estimated to take 7-9 weeks • The software development lifecycle (SDLC) for using the FFM solution implementation is estimated as follows: <ul style="list-style-type: none"> – Requirement: 3-5 weeks – Design: 4-6 weeks – Configuration / Development / Unit Testing: 7-9 weeks – Testing: 3-5 weeks – Deployment: X-X • The amount of time is primarily driven by work required for the file transfers with the FFM 	<ul style="list-style-type: none"> • The file transfer requirements and specifications from CMS' perspective are already defined • Utilizing the FFM presents a low risk for CO's technical infrastructure 	<ul style="list-style-type: none"> • Go-forward implementation costs will range from \$4 million to \$6 million, based on the assumed effort for CoverOregon close out operations, file transfer design, development, and implementation of file transfer as well as minor updates to the existing CO website to re-direct or provide a link for consumers to healthcare.gov

<http://kff.org/health-reform/state-indicator/health-insurance-exchanges/>

4.2: FFM Functional Partnership Solution: Summary of Analysis

The FFM Partnership solution allows CO to continue to manage the plan management and consumer assistance activities – both operationally and technically. Our analysis indicates that the FFM Partnership solution will have the same technical risk, cost and timeline as the full FFM alternative. The largest challenges are closing down a large portion of CO operations and enabling the technical connectivity with the federal Exchange.

Time Estimate	Technical Feasibility	Cost Estimate
<p>5 - 8 months</p>	<p>Low Risk</p>	<p>\$ 4-6 Million</p>
<ul style="list-style-type: none"> The timeline for the FFM Partnership alternative is the same as for the full FFM alternative because the amount the same work is required of CO for either model 	<ul style="list-style-type: none"> The technical feasibility and risk for the FFM Partnership alternative is the same as for the full FFM alternative because, as with the Full FFM alternative, the file transfer requirements and specifications from CMS' perspective are already defined. 	<ul style="list-style-type: none"> Based on the assumed effort for CO close out operations, file transfer design, development, and implementation of file transfer as well as minor updates to the existing CO website, the costs associated with the FFM Partnership alternative is the same as for the full FFM alternative

4.3: FFM Hybrid Solution: Summary of Analysis

The FFM hybrid solution allows CO to operate the SHOP while using the FFM for individual market functions. Our analysis indicates that an FFM hybrid solution will have low technical risk and is estimated to take 5-8 months and \$18-19 million to implement. The largest challenges are closing down a large portion of CO operations and enabling the technical connectivity with the federal exchange.

Time Estimate	Technical Feasibility	Cost Estimate
5 - 8 months	Low Risk	\$22-25 Million
<ul style="list-style-type: none"> The timeline for implementing the individual market component of the FFM Hybrid alternative is the same as for the full and partnership FFM alternatives—5-8 months The timeline for implementing the SHOP component of the FFM hybrid alternative is the same as implementing SHOP using a SaaS vendor--approximately 5-6 months; however, the SHOP implementation timeline could vary depending on the SaaS vendor selected. ² 	<ul style="list-style-type: none"> The technical feasibility and risk for the individual market component of the FFM hybrid alternative is the same as for the full and partnership FFM alternatives The technical feasibility and risk for the SHOP component of the FFM hybrid alternative is the same as SaaS for only the SHOP Implementing SaaS for only the SHOP functionality presents low technical risk because the software is hosted by the vendor 	<ul style="list-style-type: none"> Go-forward implementation costs for the individual market component of the FFM hybrid alternative is the same as for the full and partnership FFM alternatives; they will range from \$4-6 million There are maintenance costs for this effort The cost SHOP component of the FFM hybrid alternative is the same as the cost for using SaaS for only the SHOP functionality –a minimum of \$18M for up to 13,195 users in Year 2, and fewer than 12,153 users in Year 3. If the number of users is greater than these amounts, the cost will increase in proportion to the increase in number of users

Appendix

Detailed Analysis

Option 1 | Alternative 1

Detailed Analysis on Stay the Course – Keep the Technology

Keep the Technology Solution for Cover Oregon

Background & Description

- Cover Oregon has implemented a solution consisting of several packaged application technologies that have been extensively customized
- The current solution is behind schedule in meeting requirements and is not yet considered stable
- Option 1 – Alternative 1 would continue to use the current technology (with significant remediation and enhancement), but would replace Oracle as vendor of production support and enhancement services

Methodology & Rationale

- To assess the long-term fit of this option for Cover Oregon, three criteria were used: time, technical feasibility, and cost
- The preliminary assessment and estimates presented here were based on a 2-week high-level review of the existing solution and its known issues
- Primary inputs were interviews with Cover Oregon and Oracle representatives, since limited documentation exists
- Estimates were primarily based on Deloitte's experience with other complex solutions using Oracle technologies

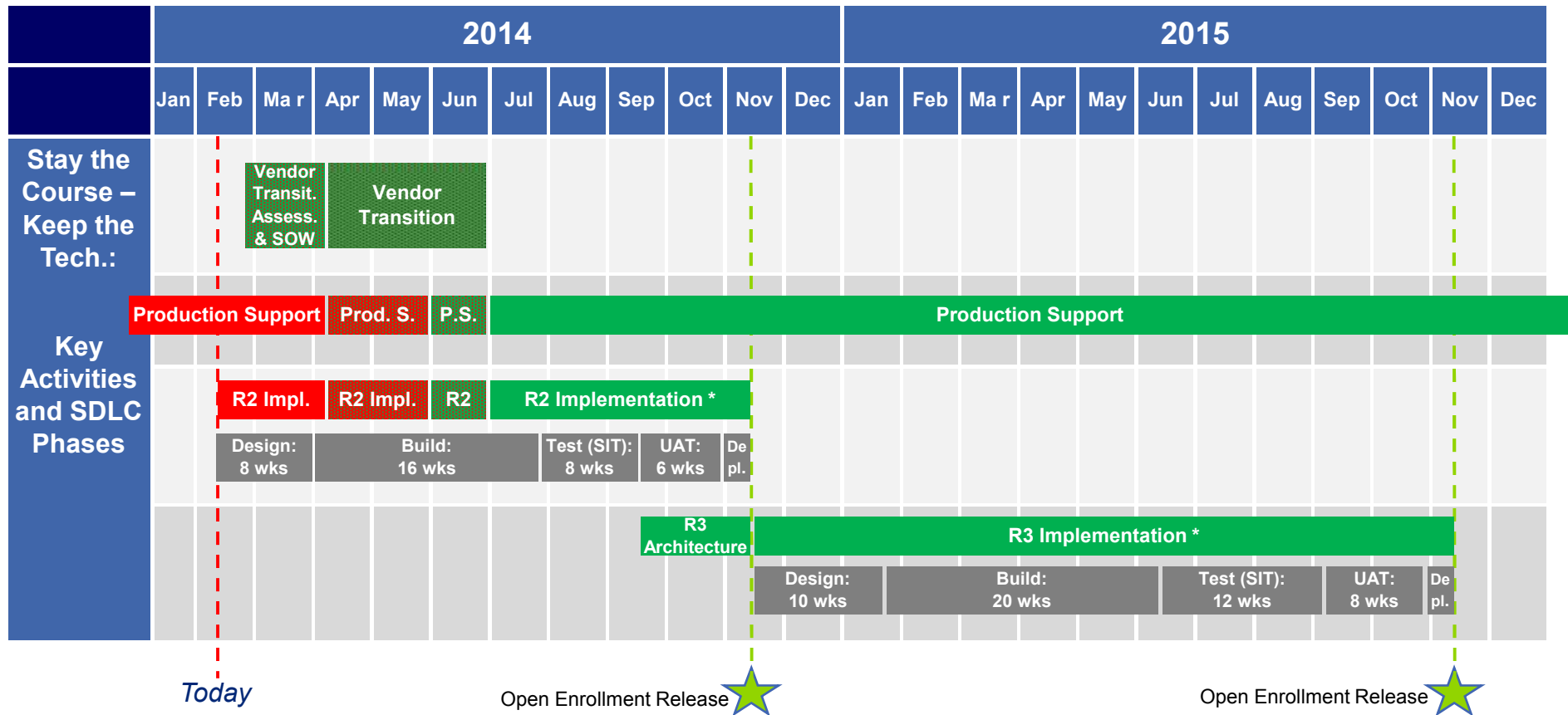
Key Assumptions

- Release 1.1 is in production and Release 2 design is started no later than mid-February
- Cover Oregon is able to decide quickly enough on a new vendor to start transition activities by late February
- Oracle is able to support an aggressive transition timeline (transition to be completed by late June)
- The new vendor will be able to take over several key resources currently managed by Oracle
- Oracle will participate in transition, production support, remediation, and enhancements through June 2014
- The pending enhancements, remediation, and defect fixes will be spread out over 2014 and 2015

Illustrative Timeline for Stay the Course – Keep the Technology Solution

Key Activity	Estimated Timing	Rationale for Estimates
Vendor Transition Assessment and SOW	2/24/2014 – 4/4/2014 (6 Weeks)	This effort results in two key deliverables that are critical for the transition: <ul style="list-style-type: none"> • Vendor Transition Assessment: Detailed analysis, estimation, and planning for the efforts required to take over, support, remediate, and enhance the solution • Statement of Work (SOW): Contract for the vendor transition
Vendor Transition	4/7/2014 – 6/27/2014 (12 Weeks)	Oracle will transfer their solution knowledge to the new vendor (e.g., via workshops). For the first 6-8 weeks, the new vendor would also “shadow” Oracle resources. Then, in the remaining 4-6 weeks, Oracle resources would support the new vendor (e.g., providing answers/input/advice)
Production Support	Ongoing	Includes application management, operations, and support (e.g., monitoring, maintenance, defect fixes, regression testing, deployments, documentation, ticket management, performance/status reporting). Excludes help desk (tier 1), product issues/maintenance (tier 4), infrastructure/hosting, and enhancement/remediation projects
Release 2 Implementation	2/10/2014 – 11/14/2014 (40 Weeks)	Enhancements, remediations, and defects will be prioritized to fit into the window between the R1.1 completion and the start of the next open enrollment period. This would allow for the following SDLC phases: <ul style="list-style-type: none"> • 8 weeks: Design • 16 weeks: Build • 8 weeks: System/Integration Test (SIT) • 6 weeks: UAT • 2 weeks: Deployment/Contingency If practical, R2 may be broken into multiple sub-releases.
Release 3 Architecture	9/22/2014 – 11/14/2014 (8 Weeks)	In order to make best use of the available window for the R3 Implementation, high-level design for R3 will start as soon as R2 SIT is complete and key resources can be refocused
Release 3 Implementation	11/17/2014 – 11/13/2015 (52 Weeks)	This release will address key enhancements, remediations, and defects that could not be included in the R2 window. It will start as soon as R2 is complete and will end before the next open enrollment period starts one year later. If practical, R3 may be broken into multiple sub-releases.

Illustrative Timeline for Stay the Course – Keep the Technology Solution








Legend

Oracle
Led by Oracle, supported by New Vendor
Led by New Vendor, supported by Oracle
New Vendor
System Development Lifecycle (SDLC) Phase

* If practical, Releases 2 and 3 may be broken into multiple sub-releases (e.g., Anonymous Browsing, Plan Management)

Technical Feasibility/Risk Summary Analysis

There have been 5 criteria defined as appropriate for the Cover Oregon technical feasibility evaluation: Business objective alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility*	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation.		The current solution is behind schedule in meeting requirements and is not yet considered stable. Pending enhancements, defect fixes, and remediations are estimated to take well into 2015
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution.		The solution is highly complex (consisting of several packaged application technologies that have been extensively customized). This impacts ease of implementation for new features, as well as maintainability and manageability
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities.		The solution leverages robust packaged application technologies that offer configurable pre-built capabilities likely to be useful for future extensibility (e.g., sales force automation and analytics). This offers a positive fit long-term, if the current issues/risks are addressed
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities.		The solution complexity and documentation limitations make deployments and support difficult. However, a positive overall fit can be achieved, if the current issues/risks are addressed
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		This proven technology stack has been successfully implemented in many highly regulated environments

* This scoring reflects the "end-state" once the targeted enhancements and remediations have been implemented, as opposed to the current state

	Positive Fit/ Low Risk		Medium Fit/ Risk		Negative Fit/ High Risk
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Technical Feasibility/Risk Detail Analysis

Category	Description	Criteria	Keep the Technology*
Business Objectives	A measure of solution's system alignment with key business requirements, market position, stability and market reputation.	Satisfy business and functional requirement	●
		Time to Market	●
		Risks	●
		Strategic Fit	●
		Customer Base (Users)	●
		Cover Oregon Prior Experience	●
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution.	Ease of implementation	●
		Out of box capabilities	●
		Customizable and configurable	●
		Maintainability and Manageability	●
		Ease of Conversion	●
		Security and Access Management	●
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities.	Performance and Quality	●
		Scalability	●
		Aligned with Cover Oregon Strategy	●
		Collaboration/Integration capabilities with other Cover Oregon systems (Ex: SOA)	●
		Extensibility	●
		Technical Risks	●
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities.	System management support (SNMP, TIVOLI,...)	●
		Operational procedures	●
		Deployment process and procedures	●
		Training	●
		Disaster recovery plans	●
		Documentation	●
Security & Compliance Objectives	A measure of solution's compliance with all Oregon and CMS mandated regulations.	Ability to integrate with Cover Oregon's security infrastructure	●
		HIPAA & PII compliance	●
		Regulatory compliance	●

* This scoring reflects the "end-state" once the targeted enhancements and remediations have been implemented, as opposed to the current state

● Positive Fit/ Low Risk	● Medium Fit/ Risk	● Negative Fit/ High Risk
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Enhancement/Remediation Effort Analysis

This table summarizes the estimated level of enhancement/remediation effort for the solution to meet Cover Oregon’s requirements. Included remediation (50K hours) would address existing architecture, design, code quality, data, deployment, and training issues (primarily to improve long-term supportability/upgradeability/scalability). Sales Force Automation (SFA) is included as a feature, since it appears valuable in helping Cover Oregon become financially self-sufficient. This analysis excludes defect fixes, since they are covered in the production support estimates.

Feature/Area	Level of Effort (Hours)	Key Assumptions / Rationale
SHOP	30K	Small Business Health Options Program (SHOP) capability has been deferred
Financial Management / Premium Payment	10K	Only backend transaction reconciliation no frontend so the scope is limited
State Interfaces	20K	Automated synchronization of enrollment/financial data with carriers and MMIS was previously deprioritized
Rules Engine / Eligibility Determination	40K	OPA solution is currently stable, but complex. Enhancement related to new requirements, such as change reporting and renewals will be effort-intensive.
Plan Management	20K	Current carrier portal is read-only and does not enable carriers to manage data.
Reports	10K	Existing reporting capabilities are limited, and OBIEE cannot be leveraged “vanilla” due to customizations.
Notices	10K	Several types of notices have yet to be implemented.
Shopping Experience / Enrollment	60K	Requires large additions for change reporting and renewals. Dental shopping has usability and data quality issues. User account dashboards require usability improvements. Training materials and delivery has been insufficient to maximize productivity and data quality
Admin Workflow	10K	Enhancement of customized functionality is anticipated to be complex.
Security and Privacy	15K	Identity management solution requires upgrade, since support is scheduled to end in 2015. Customer data quality issues create privacy risks.
Conversion	10K	There are existing data quality issues that may have conversion implications.
Broker / Navigator Portals	20K	Enhancement of custom functionality in WebCenter, e.g., for usability, may be more complex than configuration of Siebel partner portal
Sales Force Automation	30K	Extensive customization of Siebel prevent deployment of “vanilla” capabilities in Siebel and OBIEE.
TOTAL	285K	Input to the sizing of the implementation efforts

Cost Summary Analysis

The table below highlights the estimated costs associated with keeping the technology, but replacing Oracle as vendor of production support and enhancement services. This includes implementation, maintenance, hosting, and license-related costs in calendar year 2014.

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014* (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014** (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014**	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter’s Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

* Estimated implementation efforts include planning and executing the transition to a new vendor (**40K** hours), as well as enhancing/remediating the solution (**220K** hours) and performing more thorough testing (80K hours). Not included is Oracle’s necessary participation in transition, enhancement, remediation, and production support (maintenance) through June 2014, which could amount to as much as **100K** additional hours.

** Required maintenance efforts include capacity to resolve an assumed **2,000** existing functional/performance defects over the course of 2014 and 2015 (**1,500** already logged and **500** to be identified in the future). Not included in the costs above are efforts in 2015 and beyond. Maintenance costs above also do not include help desk (level 1), infrastructure, and product support (assumed to be covered within Hosting/License budgets and not changing with this option).

Option 1 | Alternative 2

Detailed Analysis on Stay the Course – Keep the Vendor

Keep the Vendor Solution for Cover Oregon

Background & Description

- Cover Oregon has implemented a solution consisting of several packaged application technologies that have been extensively customized
- The current solution is behind schedule in meeting requirements and is not yet considered stable
- Option 1 – Alternative 2 would continue to use the current technology (with significant remediation and enhancement) and would keep Oracle as vendor of production support and enhancement services

Key Assumptions

- Release 1.1 is in production and Release 2 design is started no later than mid-February
- The pending enhancements, defect fixes, and remediation will be spread out over 2014 and 2015

Methodology & Rationale

- To assess the long-term fit of this option for Cover Oregon, three criteria were used: time, technical feasibility, and cost
- The preliminary assessment and estimates presented here were based on a 2-week high-level review of the existing solution and its known issues
- Primary inputs were interviews with Cover Oregon and Oracle representatives, since limited documentation exists
- Estimates were primarily based on Deloitte's experience with other complex solutions using Oracle technologies

The time, technical feasibility, and cost assessments of this alternative are similar to those shown above for Option 1 – Alternative 1, except:

- Transition activities would be eliminated
- Rate per hour and travel expenses would be consistent with the current situation (relying primarily on on-site resources)

Cost Summary Analysis

The table below highlights the estimated costs associated with keeping the technology and keeping Oracle as vendor of production support and enhancement services. This includes implementation, maintenance, hosting, and license-related costs in calendar year 2014.

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014** (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014* (+150K Hrs in 2015)	\$12M in 2014**	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter’s Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

* Estimated implementation efforts include enhancing/remediating the solution (**285K** hours) and performing more thorough testing (**80K** hours) with the current vendor (primarily using on-site resources).

** Required maintenance efforts include capacity to resolve an assumed **2,000** existing functional/performance defects over the course of 2014 and 2015 (**1,500** already logged and **500** to be identified in the future). Not included in the costs above are efforts in 2015 and beyond. Maintenance costs above also do not include help desk (level 1), infrastructure, and product support (assumed to be covered within Hosting/License budgets and not changing with this option).

Option 2 | Alternative 1

Detailed Analysis on SBM Transfer Solution

Illustrative Timeline for SBM Transfer Solution

SDLC Phase	Sample SBM Plan	SBM Transfer Plan (Estimates)	Rationale for SBM Estimates
Requirements	8 weeks	3 - 6 weeks	Requirements phase is shorter than sample SBM because the transfer focus is on confirming & clarification of requirements in most areas
Design	16 weeks	8 - 12 weeks	Design phase is shorter than sample SBM because the transfer focus is on confirming design in most areas and creation of design for only those areas that require customization
Configuration/ Development & Unit Testing	24 weeks	10 - 14 weeks	Development phase is shorter than sample SBM because there is a high degree of re-use from transfer SBM solution
System, Performance, & Integration Testing	25 weeks	14 - 18 weeks	As a result of the shorter Development phase, the SIT phase is also shorter
Conversion Testing	6 weeks	5 - 7 weeks	It is an option for Oregon to convert existing solution data. The testing needs are similar
User Acceptance Testing	20 weeks	16 - 20 weeks	While the UAT testing phase can be reduced, the planned release dates for this year is a timeline factor
Training and Deployment	32 weeks	37 weeks	Deployment begins when the carriers' file their plans (May, 2014) and ends when Open Enrollment ends (1/15/2015)

Leveraging a Transfer Solution for CO

Background & Description

- A total of 17 states were granted approval by CMS to build and operate state-based marketplaces
- CO may consider importing a state-based solution from one of the 5 states that have successful operations, i.e. California, Connecticut, Kentucky, Rhode Island and Washington^{1,2}

Methodology & Rationale

- To assess whether transferring an SBM could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost
- The level of customization of the transfer solution is the key driver in determining level of effort estimate and cost of transferring a SBM solution
- The sample SBM used for this assessment was selected because it is currently functional, its code is open-source, it includes functionality of both an individual and SHOP Exchange, and is operational

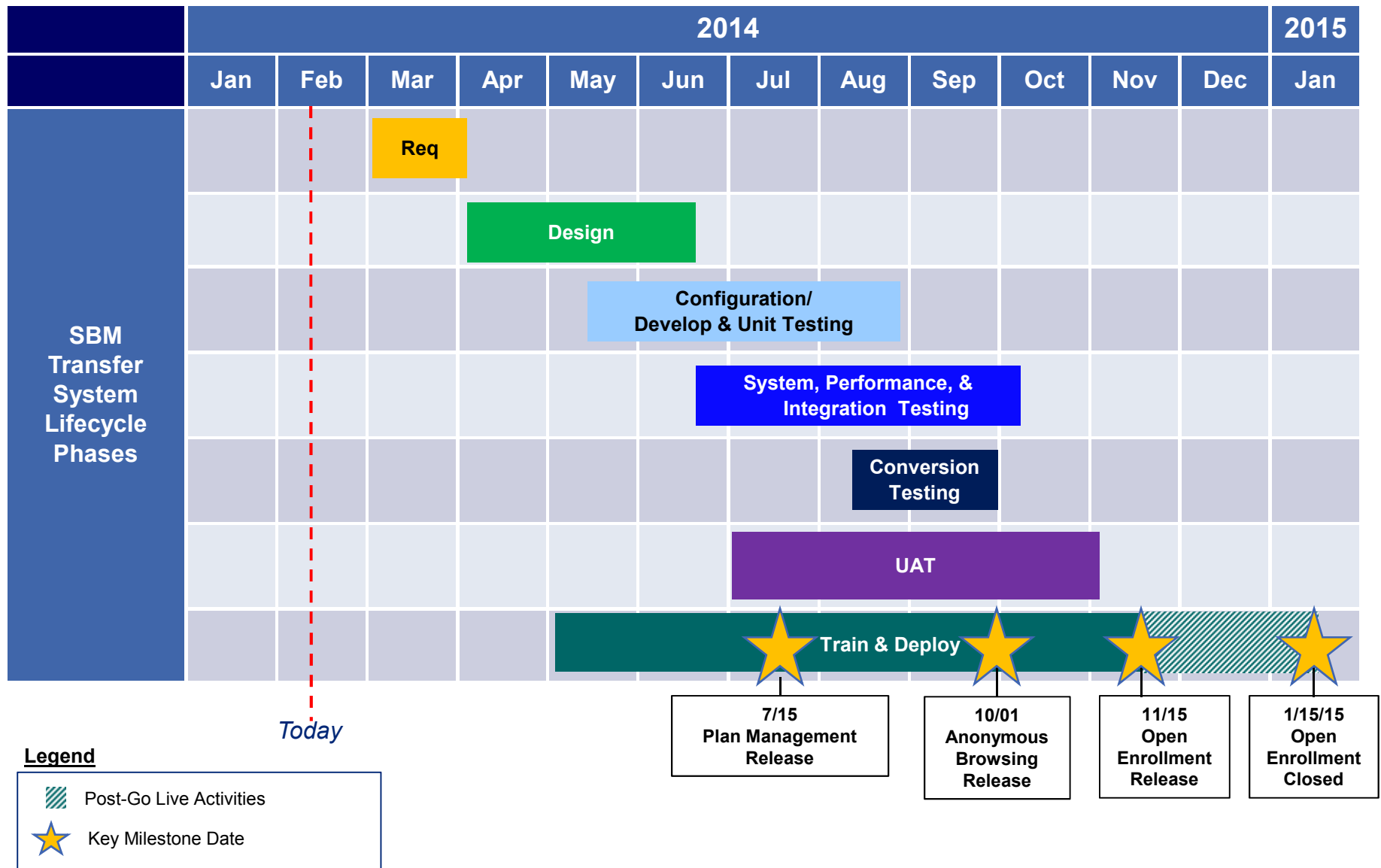
Assumptions

- The timeline and cost for transferring an SBM assumes that CO will accept an already implemented transfer solution and accept the established SBM design and capabilities with a low level of customization (see slide 8)
- This option assumes that CO can obtain the necessary agreements/approvals from the transferring State SBM
- The timeline and cost estimates for transferring an SBM include an optional automated conversion for existing CO customers and applications
- The timeline for transferring an SBM assumes that CO requires the transfer solution be implemented by 11/15/14 (for plan year 2015 open enrollment) and includes deployment activities through the end of the open enrollment period assumed to be 1/15/15
- This option assumes that CO utilizes the Federal Hub as the primary means of verification
- The cost for transferring an SBM assumes that CO will obtain necessary funding
- The cost for transferring an SBM assumes no warranty and infrastructure costs

¹<http://www.pewstates.org/projects/stateline/headlines/why-some-state-run-health-exchanges-worked-85899525479>






²<http://www.usatoday.com/story/news/nation/2013/12/10/stateline-health-exchange-aca/3951043/>

Illustrative Timeline for SBM Transfer Solution



Technical Feasibility Summary Analysis

5 criteria have been defined as appropriate for the CO technical feasibility evaluation: business objective alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation		Solution is a good strategic fit, satisfies business and functional requirements
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution.		Solution is customizable and configurable. Selected transfer solution will have been proven as a successful operation.
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities		Solution is scalable, extensible, aligns with CO's architecture strategy, and presents a low technical risk
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities		Solution includes operational procedures, training, disaster recovery plans, and documentation
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		Solution is compliant with regulations, HIPAA & PII, and can integrate with Oregon's security structure

	Positive Fit/ Low Risk		Medium Fit/ Risk		Negative Fit/ High Risk
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Technical Feasibility/Risk Options Analysis

Category	Description	Criteria	Transfer SBM
Business Objectives	A measure of solution's system alignment with key business requirements, market position, stability and market reputation	Satisfy business and functional requirement	●
		Time to Market	●
		Risks	●
		Strategic Fit	●
		Customer Base (Users)	●
		CO Prior Experience	●
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution	Ease of implementation	●
		Out of box capabilities	●
		Customizable and configurable	●
		Maintainability and Manageability	●
		Ease of Conversion	●
		Security and Access Management	●
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities	Performance and Quality	●
		Scalability	●
		Aligned with CO Strategy	●
		Collaboration/Integration capabilities with other CO systems (Ex: SOA)	●
		Extensibility	●
		Technical Risks	●
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities	System management support (SNMP, TIVOLI,..)	●
		Operational procedures	●
		Deployment process and procedures	●
		Training	●
		Disaster recovery plans	●
		Documentation	●
Security & Compliance Objectives	A measure of solution's compliance with all Oregon and CMS mandated regulations	Ability to integrate with CO's security infrastructure	●
		HIPAA & PII compliance	●
		Regulatory compliance	●

● Positive Fit/ Low Risk	● Medium Fit/ Risk	● Negative Fit/ High Risk
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Level of Customization Analysis

This table shows the estimated level of customization for each feature of the HIX solution, and our rationale behind each of the customization levels. Higher levels of customization increase the associated level of effort and cost. If CO accepts a different level of customization in a particular area, level of effort and cost would need to be adjusted.

Feature/Area	Level of Customization (%)	Degree of Customization	Assumptions / Rationale
SHOP	10-40%	Low	Using transfer SBM's full-choice SHOP requires little custom development
Financial Management / Premium Payment	10-40%	Low	Assuming Oregon uses the same vendor and bank as the transfer SBM, this area will require little custom development
State Interfaces	70-100%	High	Each state's interfaces are different (maximum is assumed to be <8)
Rules Engine / Eligibility Determination	10-40%	Low	Transfer SBM uses Oracle Policy Automation (OPA) as Rules Engine. OR already uses OPA and has state rules already coded. MAGI and HIX rules will be the same.
Plan Management	10-40%	Low	Transfer SBM uses SERFF template. Using transfer SBM's plan management requires little custom development
Reports	40-70%	Medium	Standard CMS reports are the same, OR will have custom state reports (maximum is assumed to be <21)
Notices	70-100%	High	Notices are state-specific (maximum is assumed to be <21)
Shopping Experience / Enrollment	0-10%	N/A	Using transfer SBM's shopping experience design will require little to no additional development hours
Admin Workflow	0-10%	N/A	Using transfer SBM's administrative workflow design assumes little to no additional development hours
Security and Privacy	40-70%	Medium	There are State-specific requirements for security and privacy in addition to the common CMS requirements
Conversion	70-100%	High	Data mapping is the largest conversion component
Broker / Navigator Portals	0-10%	N/A	Using transfer SBM's portal design assumes little to no additional development hours

Cost Summary Analysis

The table below shows the associated costs with implementing a transfer SBM solution. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter’s Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

Option 2 | Alternative 2

Detailed Analysis on Using Exeter's
Technology

Leveraging an Exeter solution for CO

Background & Description

- CO received a proposal from Exeter stating that they could implement an end-to-end Exchange in two weeks
- Exeter Group Inc., is the Boston-based software company that has stated it has already built an Exchange that can plug into the existing technology Oregon is using*
 - Exeter designed the web-based UI consumer part of the Vermont and Hawaii SBMs. Both SBMs continue to have technical challenges*
- Exeter's product is called OneGate
- Vermont:
 - As sub-contractor to CGI, Exeter delivered the front-end user experience software for Vermont's Exchange. Vermont's cost for the tailored installation of Exeter's OneGate product was a portion of the \$36M CGI contract with Vermont for 2012-2014*
- Hawaii:
 - In a March, 2013 Oracle sponsored webinar, Exeter demonstrated their Hawaii HIX client portal and case management solution leveraging Exeter's OneGate accelerator pack powered by Oracle.
- There is no known installed Exeter end-to-end HIX solution operating today

Assumptions

- Exeter's installed HIX solution products are no more robust than their installed products for the Hawaii and Vermont SBMs
- Exeter's proposed product to CO is the OneGate product installed in Vermont and Hawaii

Methodology & Rationale

- To assess whether using the Exeter solution could be feasible for CO, three criteria were used: time, technical feasibility/risk, and cost
- The Exeter proposal and demonstration were requested but not available for this evaluation
- Analysis using the limited publically available information for Exeter Group is the primary input for the results.

- <http://truenorthreports.com/subcontractor-gives-preview-of-it-infrastructure-for-health-benefit-exchange#sthash.MvqDE0Jn.dpuf>
- <http://vtdigger.org/2012/12/14/vermont-contracts-with-canadian-tech-firm-to-build-health-insurance-exchange/>
- http://dnews.com/news_ap/article_6187f3b8-7f17-5202-ab36-899a42d962a3.html

43. <http://www.cbsnews.com/news/hawaiis-health-insurance-exchange-is-no-paradise/>

Cost Summary Analysis

The table below shows the associated costs with implementing Exeter's solution. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter's Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

Option 3 | Alternative 1

Detailed Analysis on Entering a Regional Exchange

Entering into a Regional Exchange

Background & Description

- The Affordable Care Act provides the option for states to establish regional Exchanges that operate in more than one state if this operation is permitted by each state and if the regional Exchange is approved by the Secretary of Health and Human Services (HHS)
- Currently, there are no functioning regional Exchanges
- The options that are under consideration for CO to enter into a regional Exchange are below:
 - One of the five state with functioning state-based marketplace (SBM) as of 10/1/13 (e.g. California, Connecticut, Kentucky, Rhode Island, and Washington)
 - A state that is transitioning from Federally-Facilitated Marketplace (FFM) to an SBM
- New Mexico and Idaho are the only two states that announced transition from FFM to SBM for plan year 2015
- Current Oregon state law only allows for the establishment of a SBM. Therefore, state law must be modified to allow for entrance into a regional Exchange
- A regional Exchange can be implemented with either a multi-tenancy or a virtualized model. Since a multi-tenancy solution does not currently exist on the market and will take at least six months to develop, this option is not viable for plan year 2015

Federal Requirements

- If the State is establishing a regional Exchange, the following materials need to be provided by 6/1/14 (deadline for Oregon to submit blueprint to CMS):
 - Memorandum of Understanding (MOU) among all States participating in the Exchange related to the utilization of grant funding
 - Agreement between the Regional Exchange and State Medicaid agencies related to eligibility coordination
 - Memorandum of Understanding with any participating State's department of insurance and the regional Exchange involving matters related to health insurance issuers' solvency, licensure, and benefits
 - Procedures to ensure that to the maximum extent possible the operation of the Regional Exchange is seamless to the consumer
 - The process and period for transition in the event that a State elects to withdraw from participation in the regional Exchange
- An MOU should designate authority, establish contracting process, agree on standards and conditions, and include quality management agreements

¹<http://www.pewstates.org/projects/stateline/headlines/why-some-state-run-health-exchanges-worked-85899525479>

²<http://www.usatoday.com/story/news/nation/2013/12/10/stateline-health-exchange-aca/3951043/>

³ 16 January 2013, Idaho and New Mexico both received CMS approval for operating a SBM.

Entering into a Regional Exchange – cont'd

Methodology & Rationale

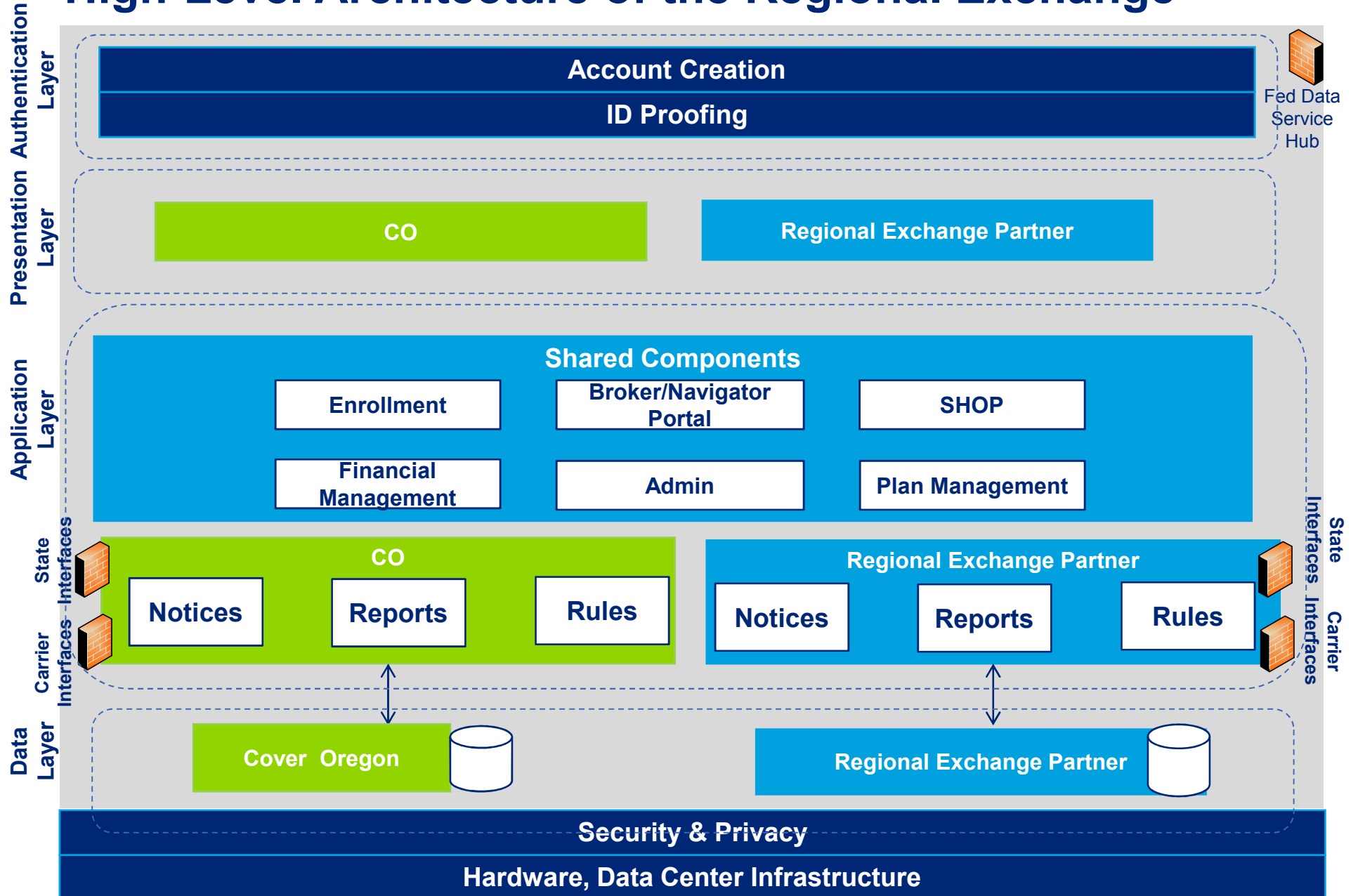
- To assess whether joining a regional Exchange could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost
- The level of customization / differentiation of CO's portion of regional Exchange is the key driver in determining the level of effort associated with the alternative
- The analysis focuses on the option of entering into a regional Exchange with a functioning SBM due to a higher incentive to join a functioning SBM than to start from scratch with another FFM state(s)
- The sample SBM used for this assessment was selected because its code is open-source, it includes functionality of both an individual and SHOP Exchange, and is operational

Assumptions

- The timeline for joining a regional Exchange assumes that CO requires the regional Exchange be implemented by 11/15/14 (for plan year 2015 open enrollment) and includes deployment activities through the end of the open enrollment period assumed to be 1/15/15
- This analysis assumes that CO could successfully obtain the necessary statutory authority to enter into a regional Exchange
- This option assumes that CO can obtain the necessary Memorandums of Understanding (MOU) among the regional Exchange and relevant state agencies
- The analysis calculates only those costs associated with the technology and assumes no additional costs for administrative tasks associated with regulatory changes, such as the resources for drafting the bill and blueprint
- The analysis assumes regional partner(s) do not impose a surcharge for implementation
- This option assumes that the regional Exchange utilizes the Federal Hub as the primary means of verification
- The cost for joining a regional Exchange assumes that CO will obtain necessary funding
- The cost and timeline in the following slides are for a regional Exchange with a virtualized model

*We will be adding links to the public sources that cited successful states.

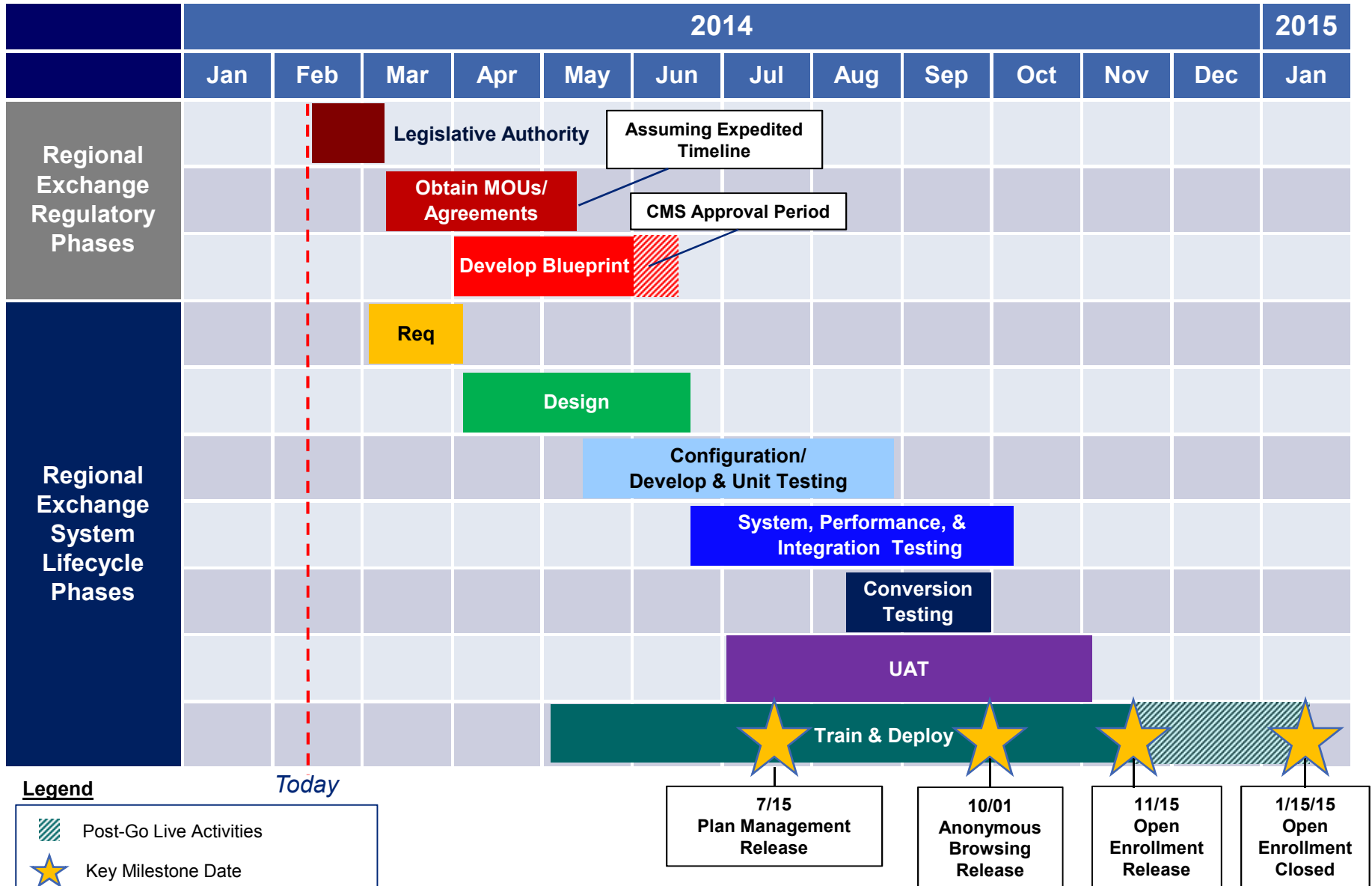
High-Level Architecture of the Regional Exchange



A) Entering into a Regional Exchange with a state with functioning SBM

	Phase	Sample SBM Plan	Alternative Estimate	Rationale for SBM estimates
Regulatory	Obtain Statutory Authority	N/A	4 weeks	The 2014 legislative session concludes on 3/9/14
	Obtaining MOUs / agreement	N/A	7-9 weeks	An interstate Memorandum of Understanding takes at least 90 days to be signed. Assuming an expedited timeline, an MOU can take 7-9 weeks
	Developing a "Single Blueprint"	N/A	8-12 weeks	It takes 6-10 weeks to develop and submit the blueprint to CMS as the architecture of the regional Exchange (particularly the shared infrastructure) needs to be designed. Transition blueprint submissions are due 6/01/2014; CMS indicates blueprints will be approved by 6/15/2014
Software Development Life Cycle	Requirements	8 weeks	3 - 6 weeks	Requirements phase is shorter than sample SBM because the transfer focus is on confirming & clarification of requirements in most areas
	Design	16 weeks	8 - 12 weeks	Design phase is shorter than sample SBM because the transfer focus is on confirming design in most areas and creation of design for only those areas that require customization
	Configuration/ Development & Unit Testing	24 weeks	10 - 14 weeks	Development phase is shorter than sample SBM because there is a high degree of re-use from transfer SBM solution
	System, Performance, & Integration Testing	25 weeks	14 - 18 weeks	As a result of the shorter Development phase, the SIT phase is also shorter
	Conversion Testing	6 weeks	5 - 7 weeks	It is an option for Oregon to convert existing solution data. The testing needs are similar
	User Acceptance Testing	20 weeks	16 - 20 weeks	While the UAT testing phase can be reduced, the planned release dates for this year is a timeline factor
	Training and Deployment	32 weeks	37 weeks	Deployment begins when the carriers' file their plans (May, 2014) and ends when Open Enrollment ends (1/15/2015)

A) Illustrative Timeline for Entering into a Regional Exchange with a Functioning SBM



B) Entering into a Regional Exchange with a Transitioning State

	Phase	Sample SBM Plan	Alternative Estimate	Rationale for SBM estimates
Regulatory	Obtain Statutory Authority	N/A	4 weeks	The 2014 legislative session concludes on 3/9/14
	Obtaining MOUs / agreement	N/A	7-9 weeks	An interstate Memorandum of Understanding takes at least 90 days to be signed. Assuming an expedited timeline, an MOU can take 7-9 weeks
	Developing a “Single Blueprint”	N/A	8-12 weeks	It takes 6-10 weeks to develop and submit the blueprint to CMS as the architecture of the regional Exchange (particularly the shared infrastructure) needs to be designed. Transition blueprint submissions are due 6/01/2014; CMS indicates blueprints will be approved by 6/15/2014.
Software Development Life Cycle	Requirements	8 weeks	8 - 10 weeks	<p>The implementation timeline of entering into a regional Exchange with a transitioning state will not be shorter than that of the sample SBM plan, which has the shortest implementation time compared to the other 4 functioning Exchanges as of 10/1/13.</p> <p>This rules out the possibility of entering into a regional Exchange with a transitioning state (New Mexico and Idaho) if Oregon would like to have open enrollment on 11/15/2014.</p>
	Design	16 weeks	16 - 20 weeks	
	Configuration/ Development & Unit Testing	24 weeks	24 – 28 weeks	
	System, Performance, & Integration Testing	25 weeks	25 – 29 weeks	
	Conversion Testing	6 weeks	6 – 8 weeks	
	User Acceptance Testing	20 weeks	20 – 24 weeks	
	Training and Deployment	32 weeks	32 - 36 weeks	

Technical Feasibility Summary Analysis

5 criteria have been defined as appropriate for the CO technical feasibility evaluation: business objective alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation		Solution presents risks in time to market as there is no regional Exchange in the marketplace now
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution		Solution may be customizable and configurable, but shared components will need to be mutually agreed upon by the participating states in the regional Exchange. In addition, security and access management presents potential risk due to lack of precedence
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities		With two partner states in the regional Exchange, scalability becomes a focused risk area, and requires performance and stress tests
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities		Solution includes operational procedures, training, disaster recovery plans, and documentation
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		Solution is compliant with regulations, HIPAA & PII, and can integrate with Oregon's security structure

	Positive Fit/ Low Risk		Medium Fit/ Risk		Negative Fit/ High Risk
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Technical Feasibility/Risk Options Analysis

Category	Description	Criteria	Regional HIX
Business Objectives	A measure of solution's system alignment with key business requirements, market position, stability and market reputation	Satisfy business and functional requirement	●
		Time to Market	●
		Risks	●
		Strategic Fit	●
		Customer Base (Users)	●
		CO Prior Experience	●
		Ease of implementation	●
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution	Out of box capabilities	●
		Customizable and configurable	●
		Maintainability and Manageability	●
		Ease of Conversion	●
		Security and Access Management	●
		Performance and Quality	●
		Scalability	●
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities	Aligned with CO Strategy	●
		Collaboration/Integration capabilities with other CO systems (Ex: SOA)	●
		Extensibility	●
		Technical Risks	●
		System management support (SNMP, TIVOLI,..)	●
		Operational procedures	●
		Deployment process and procedures	●
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities	Training	●
		Disaster recovery plans	●
		Documentation	●
		Ability to integrate with CO's security infrastructure	N/A
		HIPAA & PII compliance	●
Security & Compliance Objectives	A measure of solution's compliance with all Oregon and CMS mandated regulations	Regulatory compliance	●

● Positive Fit/ Low Risk	● Medium Fit/ Risk	● Negative Fit/ High Risk
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Level of Customization Analysis

This table shows the estimated level of customization for each feature of the HIX solution, and our rationale behind each of the customization levels. Higher levels of customization increase the associated level of effort and cost. If CO accepts a different level of customization in a particular area, level of effort and cost would need to be adjusted.

Feature/Area	Level of Customization (%)	Degree of Customization	Assumptions / Rationale
SHOP	10-40%	Low	Using the partner SBM's full-choice SHOP requires little custom development
Financial Management / Premium Payment	10-40%	Low	Assuming Oregon uses the same vendor and bank as the partner SBM, this area will require little custom development
State and Carrier Interfaces	70-100%	High	Each state's interfaces are different (maximum is assumed to be <8)
Rules Engine / Eligibility Determination	10-40%	Low	Partner SBM uses Oracle Policy Automation (OPA) as Rules Engine. MAGI and HIX rules are the same, OR will have custom state rules
Plan Management	10-40%	Low	Partner SBM uses SERFF template. Using transfer SBM's plan management requires little custom development
Reports	40-70%	Medium	Standard CMS reports are the same, OR will have custom state reports (maximum is assumed to be <21)
Notices	70-100%	High	Notices are state-specific (maximum is assumed to be <21)
Shopping Experience / Enrollment	0-10%	N/A	Using partner SBM's shopping experience design will require no additional development hours
Admin Workflow	0-10%	N/A	Using partner SBM's administrative workflow design assumes little to no additional development hours
Security and Privacy	40-70%	Medium	There are State-specific requirements for security and privacy in addition to the common CMS requirements
Conversion	70-100%	High	Data mapping is the largest conversion component
Broker / Navigator Portals	0-10%	N/A	Using partner SBM's portal design assumes little to no additional development hours
Batches	10-40%	Medium	TBD

Cost Summary Analysis

The table below shows the associated costs with entering into a Regional Exchange. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter’s Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

Option 3 | Alternative 2

Detailed Analysis on Using Software-as-a-Service

Leveraging Software as a Service for CO

Background & Description

- CO is considering using software-as-a-service (SaaS) for either the individual and SHOP Exchange functions, or for the SHOP Exchange only
- The key differences between the operating models of SaaS and a traditional State-based Marketplace (SBM) solution are:
 - SaaS vendor is responsible for hosting and maintaining the solution, instead of the State
 - The technology is owned by the SaaS vendor.
- We considered two SaaS vendors currently operating in the marketplace: GetInsured and bswift, who have a SaaS offering for either individual and SHOP functions or SHOP alone
 - New Mexico contracted with GetInsured to implement a SaaS solution for the individual and SHOP Exchange functions for plan year 2014; however, currently only the SHOP is operating under the SaaS model and the individual Exchange functionality remains with the FFM
 - Connecticut hired bswift to implement a SaaS solution for only the SHOP Exchange for plan year 2014. SHOP successfully went live on 10/1/13

Methodology & Rationale

- We assessed whether SaaS could be used for both the individual and SHOP Exchanges, or for the SHOP Exchange only
- To assess whether SaaS for both individual and SHOP Exchanges or for SHOP only could be feasible solutions for CO, three criteria were used: time, technical feasibility, and cost
- BeWellNM (New Mexico's HIX) was used as a case study to assess SaaS for the entire Exchange function, and Access Health CT's SHOP function was used as a case study to assess SaaS for SHOP only

Assumptions

- Potential vendors must demonstrate the capabilities of a successful HIX/SHOP implementation as the primary contractor in order to be considered
- Companies that successfully implemented a full HIX solution currently do not offer an equivalent SaaS solution

Options Analysis for Contracting to SaaS Vendor

Below is a comparative analysis between contracting out both the individual and SHOP functionalities or only the SHOP functionality to a SaaS vendor.






	A SaaS for both Individual and SHOP Exchange	B SaaS for SHOP Exchange only
Sample State	<ul style="list-style-type: none"> New Mexico – BeWellNM 	<ul style="list-style-type: none"> Connecticut – Access Health CT
Time	<ul style="list-style-type: none"> Up to 17 months 	<ul style="list-style-type: none"> Less than 5 months
Cost*	<ul style="list-style-type: none"> ~\$40M over the course of 5 years This includes the following costs: <ul style="list-style-type: none"> Software platform and ongoing maintenance costs of \$24.5 for the first 2 years, and \$6.5M for the next 3 years Hosting costs of \$4M over 5 years Ancillary costs of \$5M over 5 years Not including costs of additional customization requested by CO 	<ul style="list-style-type: none"> ~\$18M over the course of 3 years This includes a one-time implementation fee of \$3.6M and maintenance fees as below: <ul style="list-style-type: none"> Year 1 = \$460,000 per month Year 2 = \$380,000 per month or PMPM rate (whichever is greater) Year 3 = \$350,000 per month or PMPM rate (whichever is greater) PMPM rate: <ul style="list-style-type: none"> <20,000 users, \$28.80 / month >20,000 users, \$23.25 / month
Technical Feasibility	<ul style="list-style-type: none"> Medium to high risk May be difficult to integrate with other systems in the future (e.g. Integrated Eligibility) 	<ul style="list-style-type: none"> Low risk Proven success in Connecticut No integration between Individual and SHOP Exchange

While contracting out SHOP to a third-party administrator is not a standalone solution, it is less risky for CO to consider than contracting out both the individual and SHOP functionalities.

*Oregon is likely to have a higher cost for either option since the population of Oregon is larger than that of both New Mexico and Connecticut

A: Technical Feasibility Analysis for SaaS (Individual & SHOP)

Five criteria have been defined as appropriate for the CO technical feasibility evaluation: business objectives alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation		There is no proven implementation of the solution, and time to market is currently unknown
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution		Solution is configurable but not customizable. Ease of conversion is unknown and presents high risk
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities		Solution can present risks in the future when integrating with other CO systems. However, flexibility and adaptability will be a challenge when using SaaS versus if CO owns the solution
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities		Solution includes operational procedures, training, disaster recovery plans, and documentation
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		Solution is compliant with regulations, HIPAA & PII, and can integrate with Oregon's security structure

	Positive Fit/ Low Risk		Medium Fit/ Risk		Negative Fit/ High Risk
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B: Technical Feasibility Analysis for SaaS (SHOP only)

Five criteria have been defined as appropriate for the CO technical feasibility evaluation: business objective alignment, development and testing objectives, enterprise architecture objectives, deployment and operational objectives, and security and compliance objectives.

Category	Description	Feasibility	Rationale
Business Objectives Alignment	A measure of solution's system alignment with key business requirements, market position, stability and market reputation		Solution satisfies business and functional requirements. Adaptability will be a challenge when using SaaS, thus increasing risk for the strategic fit with CO
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution		Solution is configurable. SaaS SHOP solution has been proven to be successful in CT's SHOP Exchange
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities		Solution is scalable, extensible, aligns with CO's architecture strategy, and presents a low technical risk. There are a fewer number of integration requirements for only the SHOP Exchange. Flexibility and adaptability will be a challenge when using SaaS
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities		Vendor will provide operational procedures, training, disaster recovery plans, and documentation
Security & Compliance Objectives	A measure of solution's compliance with Oregon and CMS mandated regulations		Solution is compliant with regulations, HIPAA & PII, and can integrate with Oregon's security structure

	Positive Fit/ Low Risk		Medium Fit/ Risk		Negative Fit/ High Risk
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Technical Feasibility/Risk Options Analysis

Category	Description	Criteria	Individual & SHOP	SHOP Only
Business Objectives	A measure of solution's system alignment with key business requirements, market position, stability and market reputation	Satisfy business and functional requirement	●	●
		Time to Market	●	●
		Risks	●	●
		Strategic Fit	●	●
		Customer Base (Users)	●	●
		CO Prior Experience	●	●
Development and Testing Objectives	A measure of the ability to support implementation and maintenance of the solution. Includes assessment of historical success, typical timing to implement, and methods/approaches/ tools to configure, convert, and deliver the solution	Ease of implementation	●	●
		Out of box capabilities	●	●
		Customizable and configurable	●	●
		Maintainability and Manageability	●	●
		Ease of Conversion	●	●
		Security and Access Management	●	●
Enterprise Architecture Objectives	A measure of key technical aspects of the solution including platform, integration architecture, application architecture, hosting services, and data warehouse/business intelligence capabilities	Performance and Quality	●	●
		Scalability	●	●
		Aligned with CO Strategy	●	●
		Collaboration/Integration capabilities with other CO systems (Ex: SOA)	●	●
		Extensibility	●	●
		Technical Risks	●	●
Deployment and Operational Objectives	A measure of solution's ability to support go-live and post go-live activities	System management support (SNMP, TIVOLI,..)	●	●
		Operational procedures	●	●
		Deployment process and procedures	●	●
		Training	●	●
		Disaster recovery plans	●	●
		Documentation	●	●
Security & Compliance Objectives	A measure of solution's compliance with all Oregon and CMS mandated regulations	Ability to integrate with CO's security infrastructure	●	●
		HIPAA & PII compliance	●	●
		Regulatory compliance	●	●

● Positive Fit/ Low Risk	● Medium Fit/ Risk	● Negative Fit/ High Risk
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Cost Summary Analysis

The table below shows the associated costs with implementing a SaaS solution. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter’s Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

Option 3 | Alternative 3

Detailed Analysis on Direct-to-Carrier
Enrollment

A: Leveraging a Direct-to-Carrier Enrollment Capability for CO

Background & Description

- The benefit of DTC is to provide an additional (rather than replacement of SBM) channel for the consumer
- Direct enrollment allows individuals to sign up for subsidized and unsubsidized coverage directly through an insurer; however, subsidy eligibility and calculations still have to run through and determination made by the FFM or SBM*
- Insurance carriers who meet the requirements can be authorized to help enroll individuals eligible for a tax credit subsidy using their online enrollment website*
- Using the DTC option will require connecting the applicant with the CO eligibility service in order to determine the eligibility for Medicaid or a subsidy. The use of the DTC will off-load some but not all of the enrollment transactions from CO
 - With DTC, the volume of transactions needing a subsidy determination will not be reduced on CO's web-site although the transaction time for CO's web-site should be reduced
 - Applicants who do not want or need a subsidy eligibility determination will be able to complete the enrollment completely through the carrier which should also reduce the volume of non-subsidy transactions for CO to handle
- Although other states are considering adding the DTC enrollment capability, Kentucky is the only known state Exchange currently using this functionality
- The FFM currently offers the option for carriers, brokers and agents to perform the DTC services. However, the capability is not yet working and is undergoing testing with carriers and brokers

Assumptions

- The direct enrollment process flow for CO assumes the model similar to the direct enrollment process flow used by the FFM
- This analysis assumes no legislative hurdles to direct enrollment
- This option assumes the majority of the CO potential applicants are eligible for subsidies and will need to connect to the CO web-site to determine subsidy eligibility. (HHS reported that 79 percent of the 2.2 million people who signed up for Exchange plans through December would receive a subsidy* The assumption is that Oregon has a similar % of subsidy eligible applicants)
- This option assumes the timeline for the DTC option will run simultaneously with another alternative without increasing the total calendar time
- Kentucky's experience with the DTC alternative was used to estimate costs and timeline with the assumption that the DTC capability implemented by Kentucky is a comparable example for the DTC alternative analysis
- This analysis only considers the cost of the additional capability not the cost of the underlying SBM capability

Methodology & Rationale

- To assess whether DTC enrollment could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost

• Brett Norman. Politico Pro. 1/24/14. Direct sign-up for Obamacare subsidy enrollees still bumpy. <https://www.politicopro.com/story/healthcare/?id=30088>
• <http://healthaffairs.org/blog/2013/11/20/implementing-health-reform-a-closer-look-at-direct-enrollment-by-insurers/>
• http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/ENR_OperationsPolicyandGuidance_5CR_100313.pdf

B: Leveraging a Direct-to-Carrier Exchange-Lite Solution for CO

Background & Description

- With the DTC Exchange lite capability, the carrier can perform eligibility determination for Medicaid and subsidies by accessing a web service provided by CO and enroll the applicants in an end-to-end process
- In addition, all consumer assistance services and support, including use of the navigator tools and call center provision will be managed by the carrier
- The benefit of DTC Exchange-lite is to provide a replacement channel for the consumer for both the web-access and the call-center/consumer assistance services. CO becomes a back-office Exchange support service to carriers
- Insurance carriers who meet the requirements can be authorized to help enroll individuals eligible for a tax credit subsidy using their own online enrollment website and call center. Using the DTC Exchange-lite option will require connecting the carrier with a CO supplied web-service to determine the eligibility for Medicaid and subsidies
- Regulatory approvals would be required for this alternative since CMS does not currently allow carriers to complete the eligibility determination for Medicaid and subsidies using a web service
- All CO's health and dental carriers must accept full responsibility for enrolling and servicing their own applicants. Any carrier not able to assume the complete enrollment and servicing responsibility would not be allowed to participate
- CO could choose a SaaS vendor or enhance the Oregon Medicaid technology to replace CO Exchange technology. (Essentially, the need for CO as an health care Exchange entity would be eliminated)

Assumptions

- This option assumes the technology used for DTC Exchange-lite would be a SaaS alternative or an enhanced Medicaid technology solution
- This option assumes Oregon would get the necessary CMS approvals and State approvals in time for the 2015 enrollment kick-off
- This option assumes a sufficient number of carriers would be willing to take on the additional costs and responsibilities. (See slide 8 for a visual illustration of the workflow and listed responsibilities)
- This option assumes that carriers would perform certain Exchange functions (e.g. Plan Management, Navigator, Consumer Assistance, Premium Payment) and the State would maintain certain functions (e.g. eligibility determination, some reporting, some notices)

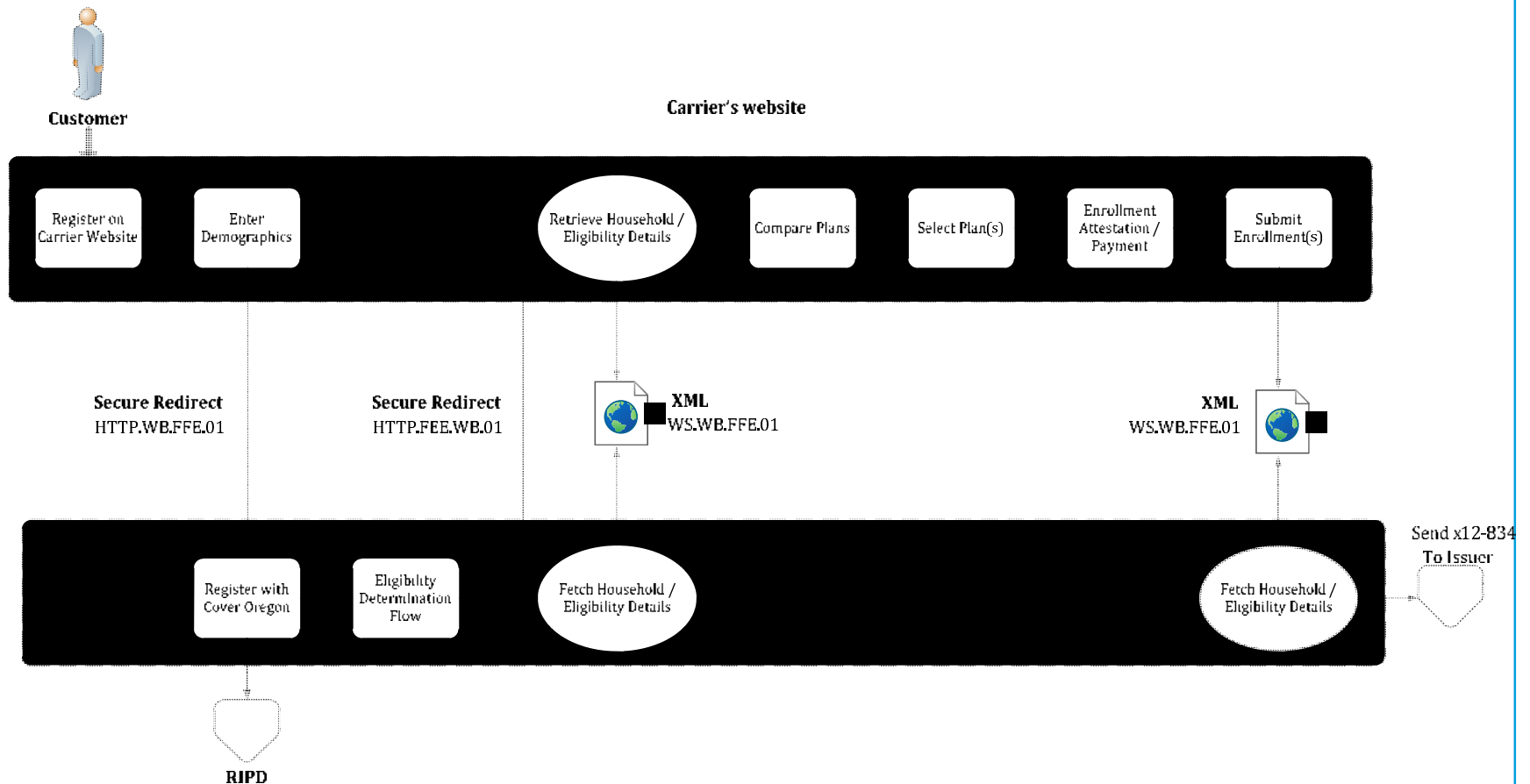
Methodology & Rationale

- To assess whether the DTC enrollment Exchange-lite alternative could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost

A: Leveraging a Direct-to-Carrier Enrollment Capability for CO

How Direct to Carrier Enrollment Works*

When an insurer directly enrolls an applicant in one of its qualified health plans through the Exchange, the applicant begins at the insurer's website. Once the insurer has collected basic information, the applicant is transferred to the Exchange website, where the applicant is registered and eligibility for premium tax credits is determined. The applicant is then transferred back to the insurer website for plan selection. The diagram below represents the adapted process flow proposed by HHS.

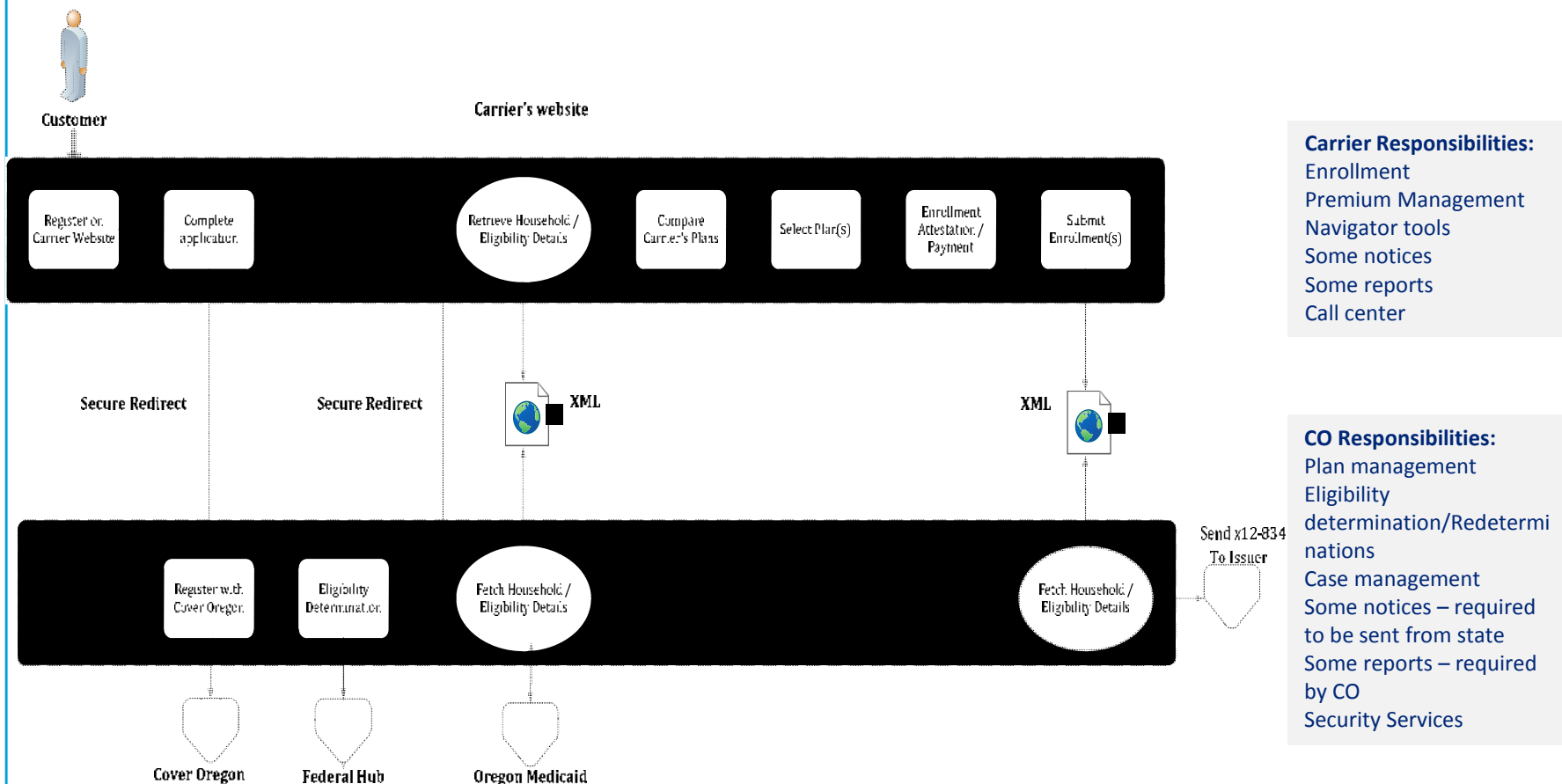


* http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/ENR_OperationsPolicyandGuidance_5CR_100313.pdf

B: Leveraging a Direct-to-Carrier Exchange-Lite Capability for CO

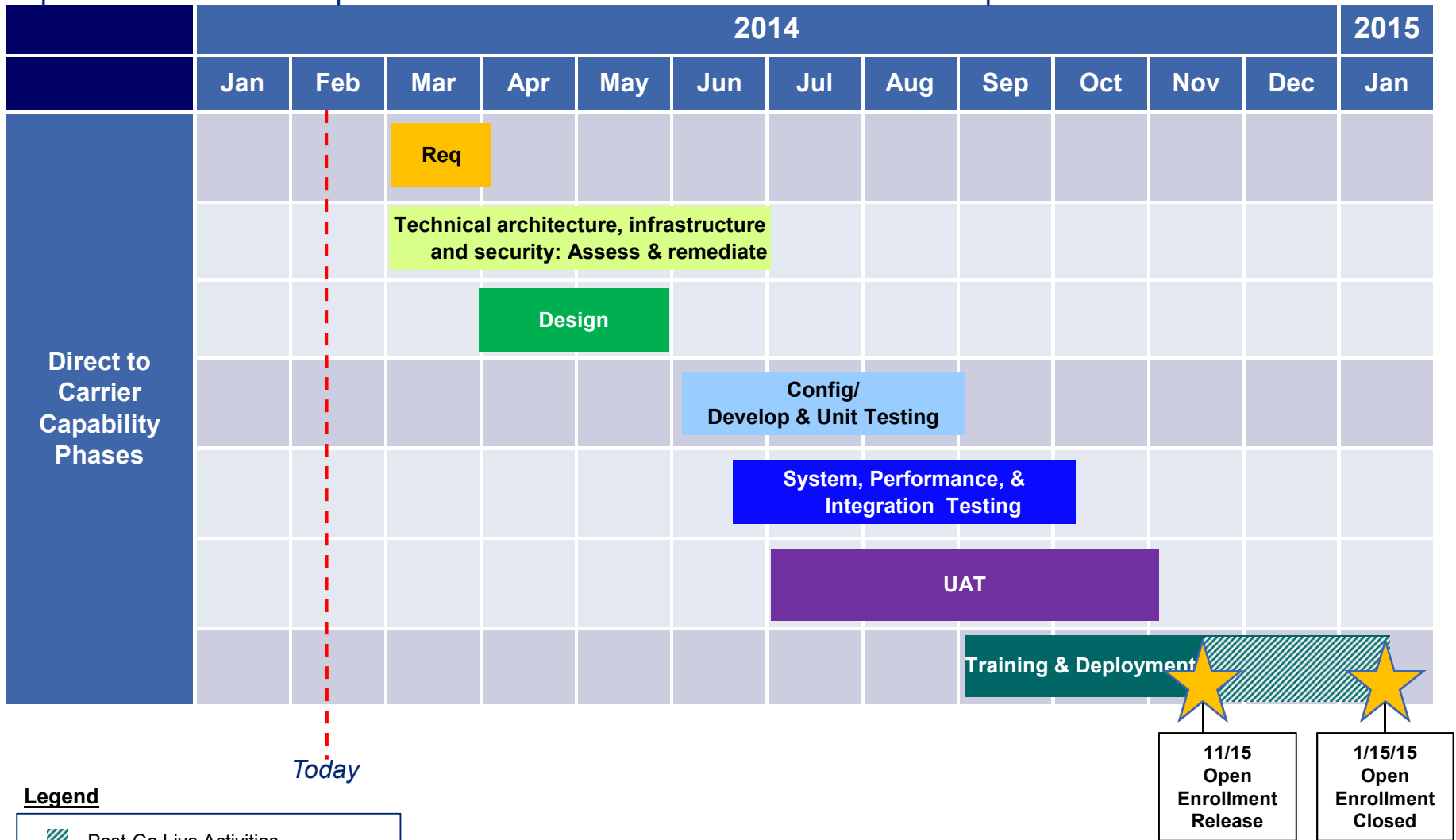
How Direct-to-Carrier Exchange-Lite Enrollment Works

When an insurer directly enrolls an applicant in one of its qualified health plans through the Exchange, the applicant stays on the insurer's website. Once the insurer has collected application information, the carrier accesses the Exchange web service, where the applicant is registered and eligibility for premium tax credits is determined. The carrier web site facilitates the applicant through plan selection, enrollment and premium payment. The diagram below represents the illustrative process.



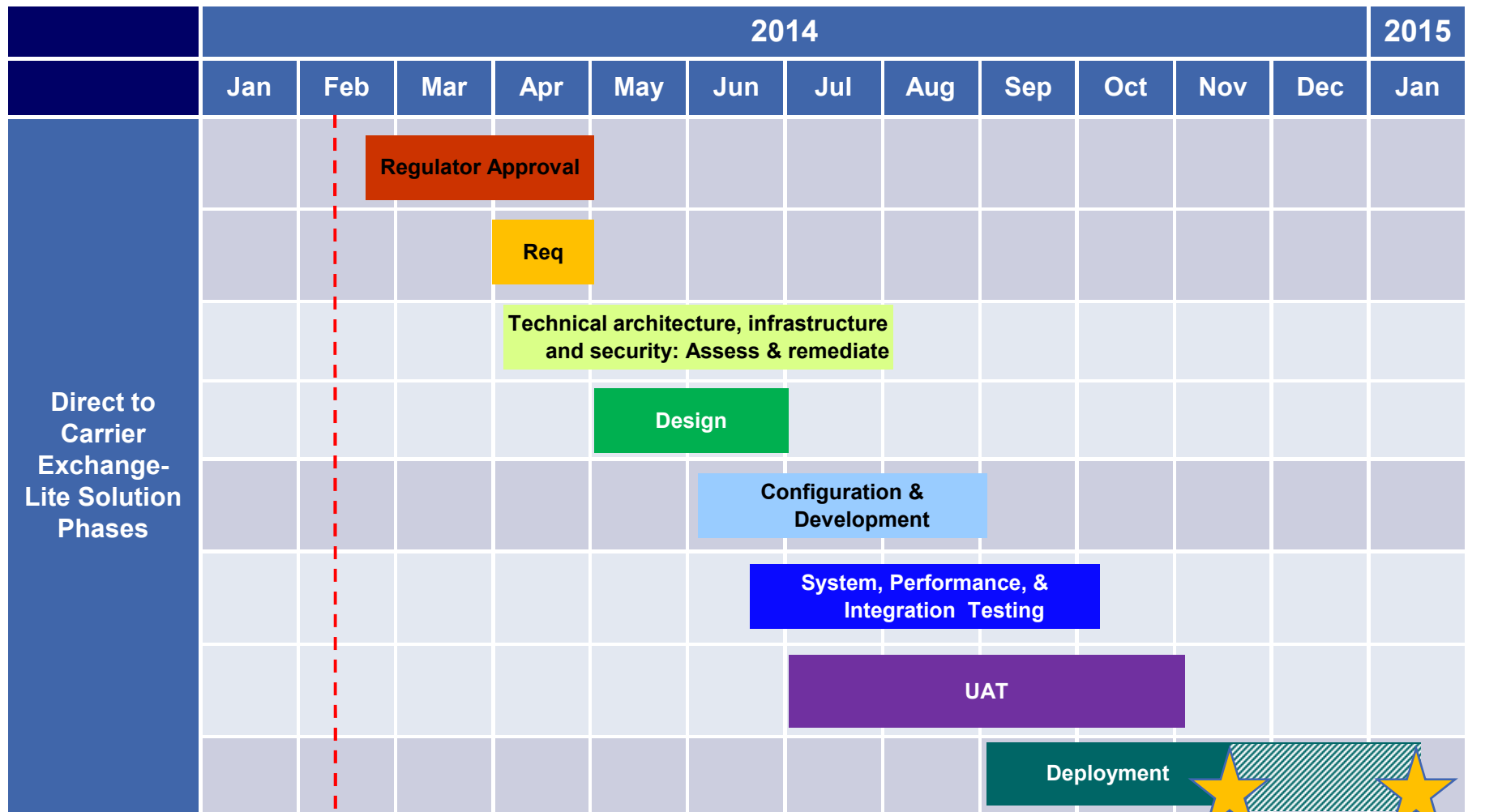
A: Illustrative Timeline for Direct-to-Carrier Capability*

This DTC capability is not a stand alone solution and must be implemented in tandem with the selected option. The activities represented below are in addition to HIX solution implementation activities.





*The timeline estimate is based on the Kentucky exchange timeline for implementing The DTC capability they refer to as 'Lead Generation'.

B: Illustrative Timeline for Direct-to-Carrier Exchange-Lite Solution*




Legend


-  Post-Go Live Activities
-  Key Milestone Date

Today

- The timeline is dependent on the timeline for selected technology solution



**11/15
Open
Enrollment
Release**



**1/15/15
Open
Enrollment
Closed**

Cost Summary Analysis

The table below shows the associated costs with implementing Direct-to-Carrier enrollment capabilities. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter’s Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100K	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid with HHS	\$7.6-9.6M	Yes	\$14.4M	No

Option 4 | Alternative 1

Detailed Analysis on Transitioning to the Federally-Facilitated Marketplace (FFM)

Transitioning to a full FFM Solution for CO

Background & Description

- A total of 27 states are using the FFM, each state using the FFM has the option of choosing whether the FFM will assess or determine Medicaid eligibility
 - Assessment Model – In this model, the FFM makes an initial assessment of Medicaid eligibility and the State Medicaid agency makes final Medicaid determination. 25* states have selected this model
 - Determination Model – In this model, the FFM makes the final Medicaid eligibility determination and transmits this determination to the State. 15 states have selected this model
- In either model, FFM status must build file transfers with CMS for Medicaid
- CMS has developed Business Specification Documents (BSDs) detailing the file transfer process

Assumptions

- This option assumes that no requirements will be defined other than those for states currently using the FFM
- This option assumes Oregon will chose an assessment model for eligibility determination
- This option assumes all carriers now participating in CO will continue to participate with the FFM
- The timeline and cost assumes that known issues and defects with the current file transfer process that FFM states are using are fixed
- The timeline for transitioning to an FFM assumes that CO requires that the FFM solution be implemented by 11/15/14 (for plan year 2015 open enrollment) and includes deployment activities through the end of the open enrollment period assumed to be 1/15/15
- Transitioning from the SBM to an FFM model for 2015 enrollments requires that a transition Blueprint be submitted to CMS by June 1, 2014

Methodology & Rationale

- To assess whether moving to the FFM could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost
- The legislative and regulatory changes is a key driver in determining timeline as well as the level of effort and cost for designing, developing and testing the file transfer process with CMS in order to transition to the FFM
- The sample FFM state that was used for this analysis is a determination state, however the file transfers with CMS are required regardless of whether the state is an assessment state or determination state

<http://medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Medicaid-and-CHIP-and-the-Marketplace/medicaid-chip-marketplace-interactions.html>

Transitioning to a FFM Partnership Solution for CO

Background & Description

- One of the options available to states choosing the FFM model, is the FFM Partnership model. With this model, CO assumes primary responsibility for carrying out certain activities related to plan management, consumer assistance and outreach, or both
 - In a *State Plan Management Partnership Exchange*, the scope of state responsibilities includes: recommending plans for QHP certification, recertification and decertification; QHP issuer account management; and day-to-day administration and oversight of QHP issuers.
 - States can also choose to assume responsibility for in-person consumer assistance and outreach, through what is referred to as a *State Consumer Partnership Exchange**

Methodology & Rationale

- See the previous slide with the full FFM methodology and rationale information

Assumptions

- In addition to the assumptions associated with the “Transition to Full FFM” analysis, the following assumptions were applied to this analysis:
- CO will use their current technology for Plan Management and Consumer Assistance
- The cost estimates for the FFM Partnership alternative will not be materially greater than the technology costs for the Full FFM alternative
- This option assumes Oregon will chose an assessment model for eligibility determination
- The timeline and cost assumes that known issues and defects with the current file transfer process that FFM states are using are fixed
- The cost and technical feasibility/risk analysis for the FFM Partnership model is based on continuing to use the current Cover Oracle plan management technology

*<http://medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Medicaid-and-CHIP-and-the-Marketplace/medicaid-chip-marketplace-interactions.html>

Transitioning to FFM Hybrid Solution for CO

Background & Description

- In the Program Integrity Final Rule issued August 30, 2013, CMS amended the definition of “Exchange” and further indicated that states may elect to establish:
 - (1) An Exchange that facilitates the purchase of health insurance coverage in QHPs in the individual market and that provides for the establishment of a SHOP; or
 - (2) An Exchange that provides only for the establishment of a SHOP
- An arrangement in which the state operates the SHOP and the federal government operates the individual market Exchanges is generally known as a hybrid model
- Currently, only the State of Utah has CMS approval for a hybrid model; however, New Mexico is temporarily operating a hybrid model until such time as the state’s individual Exchange is operational

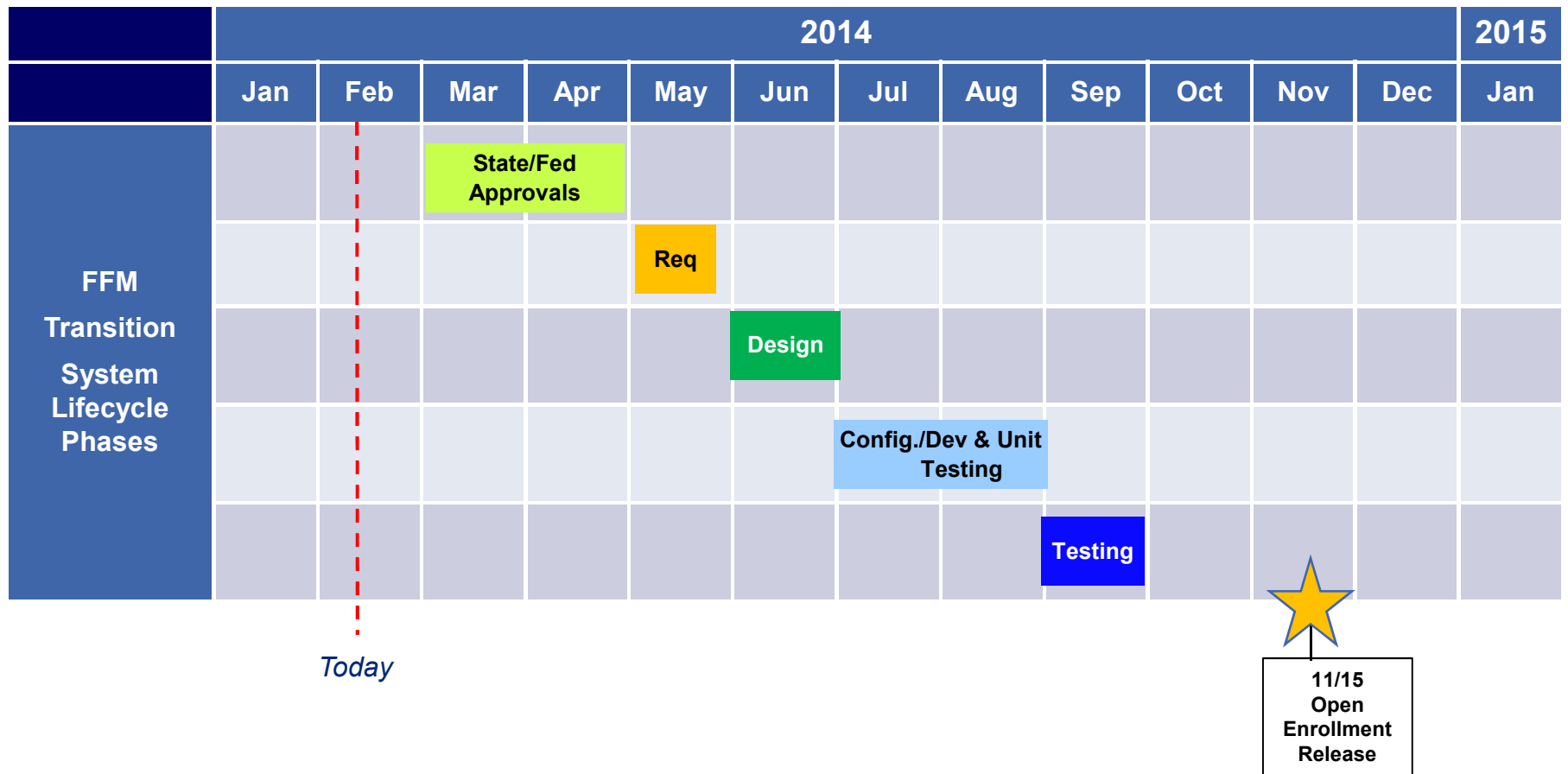
Assumptions

- In addition to the assumptions associated with the “Transition to Full FFM” and “Transition to FFM Partnership” analyses, the following assumptions were applied to this analysis:
 - This option assumes that no requirements will be defined other than those for states currently using the hybrid model
 - This option assumes Oregon will obtain the necessary state and federal approvals
 - This option assumes CO will use a SaaS for SHOP operation
 - This option assumes little to no integration for SaaS SHOP and the individual Exchange; therefore, in the hybrid model, using SaaS for SHOP will not affect the timeline or costs for moving the individual Exchange to the FFM


Methodology & Rationale

- To assess whether moving to a hybrid model could be a feasible solution for CO, three criteria were used: time, technical feasibility, and cost

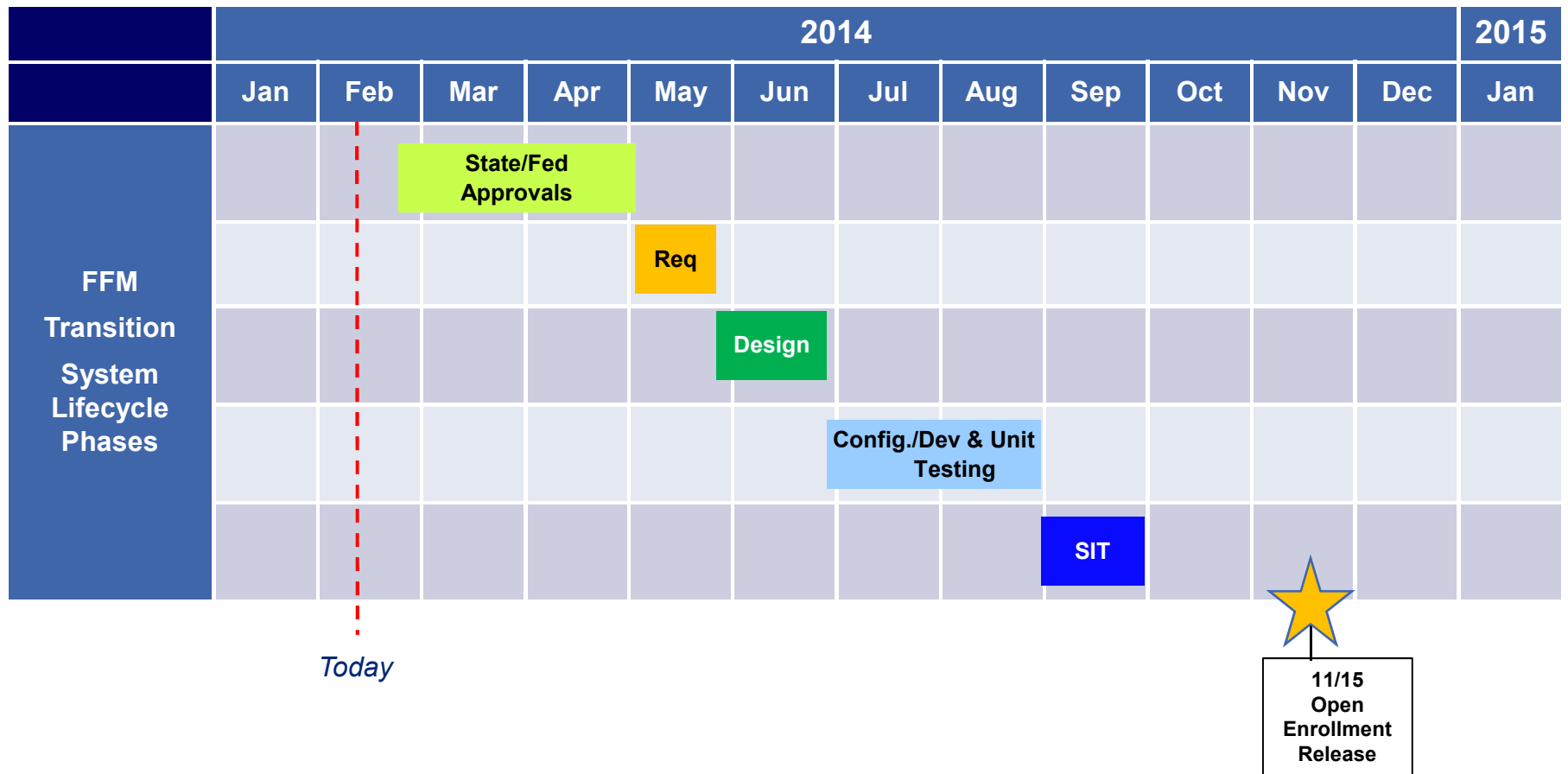
Illustrative Timeline for Full FFM Solution and FFM Partnership Alternatives




Legend

	Key Milestone Date
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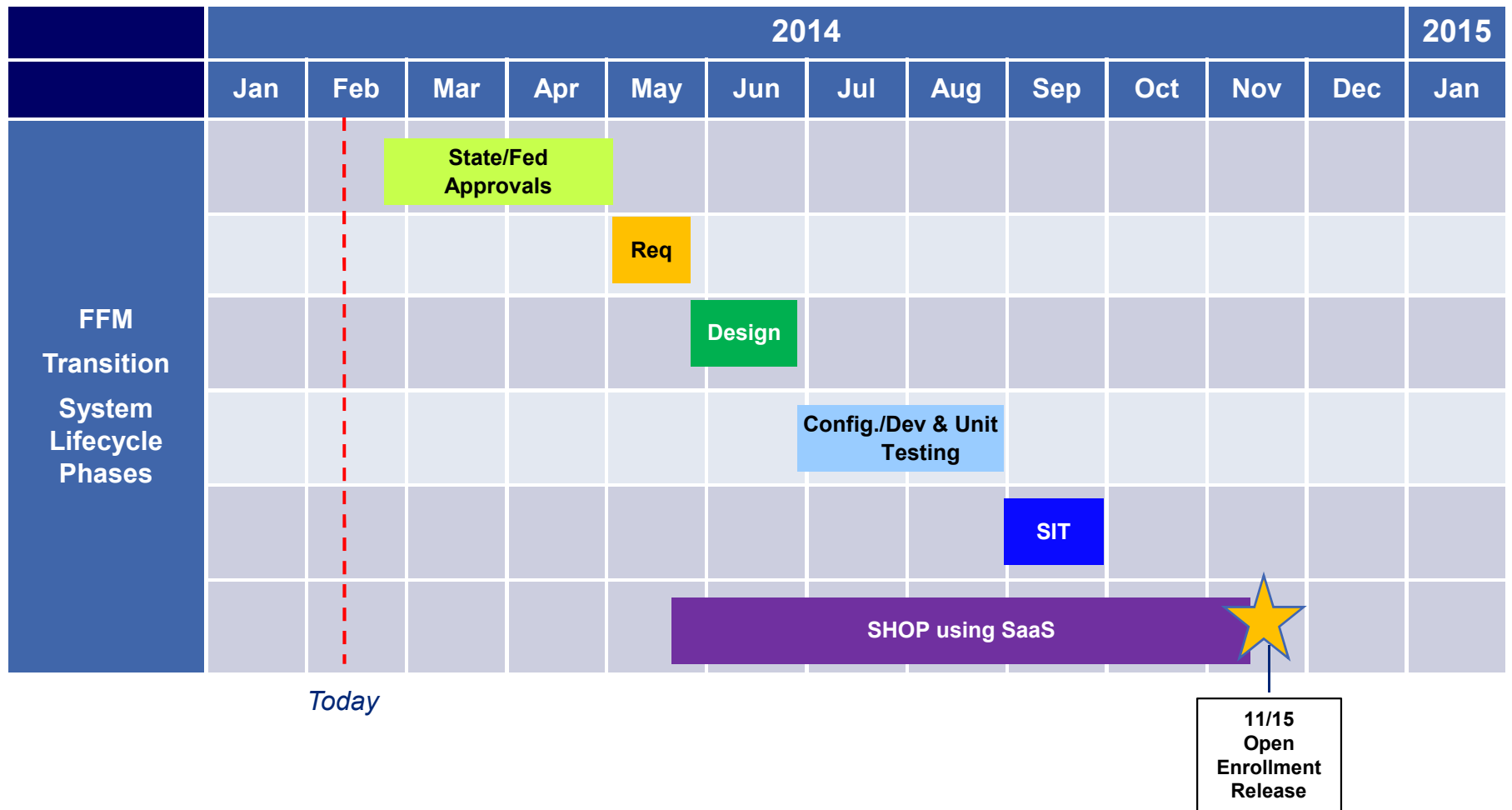
Illustrative Timeline for FFM Hybrid Solution




Legend

	Key Milestone Date
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Illustrative Timeline for FFM Hybrid Solution



Legend

 Key Milestone Date

Cost Summary Analysis

The table below shows the associated costs with implementing a FFM solution. The possible associated costs include implementation cost (cost to implement the solution), maintenance cost (ongoing costs to maintain the solution), hosting cost (cost to host the solution), and license cost (cost to license the solution).

ID	Alternative	Implementation	Maintenance	Hosting	License
1.1	Stay the Course – Keep the Technology	\$22M in 2014 (+Oracle thru June +150K Hrs in 2015)	\$3.5M in 2014 (+Oracle thru June)	No Change	No Change
1.2	Stay the Course – Keep the Vendor	\$45M in 2014 (+150K Hrs in 2015)	\$12M in 2014	No Change	No Change
2.1	Transfer Working SBM	\$17-20M	No	No	No
2.2	Using Exeter’s Technology	Unknown	Unknown	Unknown	Unknown
3.1	Enter Into Regional Exchange	\$17-20M	No	No	No
3.2	Using Software-As-A-Service	\$3.6M	No	\$14.4M	No
3.3	Direct-to-Carrier Enrollment	\$2-3M	<\$100k	No	No
4.1	Transition to Full FFM	\$4-6M	Yes	No	No
4.2	Partnership with HHS	\$4-6M	Yes	No	No
4.3	Hybrid Model with HHS	\$7.6-9.6M	Yes	\$14.4M	No

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**Cover Oregon Website
Implementation Assessment**

ASSESSMENT REPORT

April 23, 2014

Document History

This document is controlled through the Document Management Process. To verify that the document is the latest version, please contact the First Data team.

Date	Version	Reason for Revision
3/14/2014	1.0	Initial Submission
3/19/2014	1.1	Added Executive Summary and minor document cleanup
4/23/2014	1.2	Minor corrections based on State review

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1. Executive Summary

In January 2014, the Governor's office executed a Statement of Work with First Data Government Solutions through Master Contract #107-2852-11 to conduct an independent, third party review of the state's health insurance exchange website project. The scope of the assessment was focused on the following seven questions provided by the Governor's Office:

1. What was the basic oversight and governance accountability as it relates to the multiple parties and the procurement/administration/finances of vendor services?
2. Who was in the position to make decisions as it relates to the Website Project?
3. Why were Oracle products and Oracle services chosen for the Website Project?
4. Did the State or Cover Oregon consider engaging a system integrator to assist with the Website Project? If not, why not? Did the Website Project Team or any of its members believe the State or Cover Oregon had the expertise to undertake the Website Project without the assistance of a system integrator? If so, why?
5. How was the original scope of the Website Project determined and by whom? To what degree did the scope of the Website Project delay the implementation? How was the scope managed? After the Website Project Team or any of its members realized that the Website was not going to work, would it have been possible to change the scope? If so, how?
6. Did the Website Project Team or any of its members have a plan B for operations developed when the Website Project Team or any of its members realized or began to realize the exchange was not going to work? If not, why not?
7. When did the Website Project Team or any of its members realize or begin to realize the Website was not going to be ready? Who first realized the Website was not going to be ready?

Assessment Methodology

The project was conducted over a six-week time period comprised of three primary activities: 1) interviews of key staff and stakeholders, 2) documentation review, and 3) final assessment report development. These activities are briefly described below.

Conduct Interviews with Project Staff and Key Stakeholders - First Data began the project by interviewing many of the key staff and stakeholders associated with the health insurance exchange using a set of standardized questions, with a focus on the seven key questions. In total, First Data interviewed 67 people as part of this assessment, including Governor Kitzhaber, several key Legislators, Agency Directors, the Cover Oregon Board of Directors, many project leadership staff, and contractors.

In addition, First Data requested to interview 8 people who were not available to meet with us due to factors beyond the control of the state. These individuals were contractors on the project whose employers did not allow them to be interviewed, as well as one retired state

employee who was not available. The complete list of people interviewed is provided in Exhibit 1 of this document.

Review Website Project Artifacts and Documentation - A key part of First Data's project approach involved conducting a detailed review of project artifacts and documentation. Similar to the interview process, First Data initially identified the types of documents requested for the review. The State of Oregon then collected the documents and made them available to First Data via a secure web site. As a result of information obtained through interviews or document review, First Data identified additional documents that would be helpful to the assessment and requested them from the state. In total, more than 3,200 documents were provided for First Data review.

Oral Presentation and Final Assessment Report - As defined in the Statement of Work, First Data provided an oral briefing to the Governor, staff from the Governor's Office, and DAS representatives on March 11, 2014. The briefing included an overview of the findings associated with each of the seven questions along with a list of high level recommendations for the state. First Data also provided a Final Assessment Report on March 14, 2014.

Findings

A high level summary of the findings for each of the seven questions is provided below. Additional details are provided in the body of this report.

1. What was the basic oversight and governance accountability as it relates to the multiple parties and the procurement/administration/finances of vendor services?

The Cover Oregon Website Project was a complex, multi-agency project with multiple organizations sharing responsibility, including:

- Cover Oregon
- Oregon Health Authority (OHA)
- Oregon Department of Human Services (DHS)
- Multiple oversight organizations, including the Cover Oregon Board, Department of Administrative Services (DAS), Legislative Fiscal Office (LFO), Legislature, and the federal Centers for Medicare and Medicaid Services (CMS)

One of the key themes identified in the assessment related to governance was that there was no single point of authority on the project. Although the project had a governance structure comparable to other large projects of its size - including an Executive Steering Committee, a Tactical Steering Committee, state and federal oversight, and an independent quality assurance vendor - it was not effective at the project level. This assessment documented three primary areas in which the governance structure and processes did not function effectively:

- a. **Competing priorities and conflict between agencies** - A common theme from the assessment interviews was that the entities involved (Cover Oregon, OHA, and DHS) had different, and sometimes competing, priorities. As a result, these disparate entities did not always function as a cohesive unit.

- b. **Lack of universally accepted foundational project management processes and documents** – Although there were numerous attempts to define the governance, roles, responsibilities, communication and decision making processes, the project seemed to lack a consistent, cohesive enterprise approach to managing the project. The problem was not a lack of attempts to create the foundational documents; the problem was a lack of authoritative direction. As late as January 2013, the QA contractor reported that there was a “lack of common or functional governance processes and limited overlap among inter-agency processes with dissimilar priorities and goals among independent state agencies.”
- c. **Communication and lack of transparency** - It is clear that communication across agencies was ineffective and at times contentious. The lack of a single point of authority slowed the decision making process and contributed to inconsistent communication, and collaboration across agencies was limited at best. In addition, communication with oversight authorities was inconsistent and at times confusing or misinterpreted. This resulted in an unclear or incorrect understanding about the true status of the project approaching the October 1, 2013 deadline.

One example of this is the communication that was provided to the Legislative Oversight Committee. Through the interview process, multiple members of the committee told us they were completely unaware of the Maximus QA role and had not received any of the QA reports that raised concerns about the project. Rocky King briefed this committee on a monthly basis and told them he believed the project was on track to go live on October 1.

2. Who was in the position to make decisions as it relates to the Website Project?

The Executive Steering Committee was officially responsible for the majority of key decisions on the project, with Rocky King, Bruce Goldberg, and Carolyn Lawson being the key project decision makers, according to our interviews.

Despite there being regular monthly Executive Steering Committee meetings during 2011-January, 2013, there was a lack of formal meeting notes, decision tracking, and documentation. Notably, the project decision log, (Master Risk, Issue and Decision Log) which was primarily managed by Cover Oregon, reflected only nine decisions. While some decisions were documented in meeting minutes, the extent to which those decisions were conveyed to appropriate parties is unclear. Additionally, while this project required inter-agency coordination, it lacked a single, enterprise decision tracking tool to document and manage decisions across entities.

The lack of decision tracking and communication resulted in many project risks and repeated QA recommendations that were accompanied by high-risk, red status reports.

Although disciplined processes for decision making and managing scope were to have been established, Maximus’ April 2013 QA report stated the following red recommendation: “CO should lead the effort to clearly define roles and responsibilities for each of the major organizations involved in CO, including both the HIX-IT project and ongoing operations. IGAs

should be put in place to clearly identify the working relationships, boundaries, expectations and governance for the development and the operation of the Exchange.”

3. Why were Oracle products and Oracle services chosen for the Website Project?

The selection of the Oracle software followed a process that engaged multiple vendors and evaluated Commercial-off-the-Shelf (COTS) solutions in the marketplace. The focus was on establishing an enterprise solution for the exchange and for the DHS Modernization project. The process included market research conducted with other states that had purchased framework solutions as well as an agency that represented a transfer solution. The state also conducted a vendor fair and released a Request for Information (RFI) to solicit vendor information on available solutions.

As part of this process, an alternatives analysis was also conducted to confirm the type of solution to use for the combined exchange and modernization efforts. The analysis considered four solution alternatives including purchasing a Commercial-Off-The-Shelf (COTS) solution and transferring an existing system from another state. The analysis concluded that the purchase of a COTS framework was in the best interest of the state.

In May 2011, the state made the formal decision to use the Oracle solution for the health insurance exchange. Some of the reasons stated in the state’s selection document included:

- It would provide a common architecture with the DHS Modernization efforts
- The evaluation document notes that Oracle’s response to a state questionnaire indicated that only about 5% of business requirements would require customization
- The selection of the Oracle rules engine was consistent with several other states
- There was a perceived commitment from Oracle

It should be noted that the decision focused on the software solution, and did not address consulting or system integrator services. At the time that the Oracle solution was selected, the state planned to contract with a separate system integrator to do the configuration and customization. The decision was also made to use the Dell Price Agreement, which was the State’s contract vehicle for purchasing a variety of software.

After the decision was made by the state to not use a system integrator (as discussed in the next question), the state began contracting with Oracle for consulting services to assist with configuration and customization of the system. Most of the Oracle consulting purchase orders specify that services are to be paid on a time and materials basis and do not tie payment to completion of any deliverables. This approach departs from contracting best practices by putting the burden on the state for directing the vendor’s work and providing little financial accountability for the vendor performance.

A total of 43 purchase orders worth approximately \$132M were issued for Oracle by OHA. Using the Dell contract to procure such extensive services seems to go beyond the original intent of the Dell Price Agreement, since services were not included in the scope when the price agreement was competed. In First Data’s experience, most procurement offices would not allow such a dramatic departure from the original scope. Each purchase order was reviewed

and approved for legal sufficiency by the Oregon Department of Justice, but First Data was told those reviews would have been narrowly focused on the legality of the individual purchase orders. The question of appropriateness would have been the responsibility of the OHA contracting office.

As part of the handoff of the project from OHA to Cover Oregon, Cover Oregon established its own contract with Oracle in March 2013. Because the handoff to Cover Oregon was quicker than planned due to financial issues, there was little time to establish a new contract. First Data was told in the interview process that Cover Oregon attempted to modify the terms of the contract to be more in line with best practices and to make Oracle more accountable, but was unsuccessful due to the short timeframe available for negotiations. First Data was also told that Oracle threatened to stop work if a new contract was not in place.

The QA contractor, Maximus, raised numerous concerns about the Oracle software and about the Oracle consulting services. This included concerns about how integrated the various components of the Oracle solution were and about the quality of the Oracle development efforts. The Maximus reports contained detailed criticism of Oracle's performance, noting the missed delivery dates and high number of issues associated with software releases. Some examples from the September 2013 Cover Oregon QA Status Report include:

- "Oracle continues to underperform. It is recommended that CO withhold payment of any invoices until a thorough review the contract is conducted by DOJ for lack of performance."
- "Oracle continues to post dates for specific deliveries and consistently miss delivery targets... "
- "The releases are not stable and fixes and features are appearing randomly in the releases. In addition, more items are breaking then are being repaired... "
- "Oracle's ability to release system environments is problematic..."
- "The lack of reliable estimating by the Oracle teams, undiscovered development issues and incomplete requirements by CO will result in continued surprises to CO...."
- "Oracle's performance is lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review."

It should be noted that the amount of Oracle software customization required has been significantly more than anticipated. Although the Oracle software was reported to meet 95% of the original requirements without customization, a HIX-IT Project Assessment Report from May 2013 estimated the system to be 60% COTS and 40% custom configuration.

First Data requested interviews with six Oracle project staff members, but Oracle would not allow any of its project staff to be interviewed for this assessment, with the exception of the company's Chief Corporate Architect, who was not involved with the project until November 2013. In that interview, Oracle stated that the problems were caused by weaknesses within OHA and Cover Oregon, especially the lack of well defined, stable requirements, the lack of discipline in the change control process, the absence of a system integrator, and the lack of timely test cases.

4. Did the State or Cover Oregon consider engaging a system integrator to assist with the Website Project? If not, why not? Did the Website Project Team or any of its members believe the State or Cover Oregon had the expertise to undertake the Website Project without the assistance of a system integrator? If so, why?

One of the key assumptions made by the State on the health insurance exchange initiative from its inception until mid-2011 was that a system integrator would be used to develop/configure and implement the system. In fact, the state even drafted an RFP in 2011 for a system integrator and released the draft to the vendor community for review.

However, soon after Carolyn Lawson began employment at OHA in July 2011, she made the decision to not use a system integrator. This decision was approved by the OHA Director. First Data was told different reasons for the decision by different groups. In a February 28, 2014 interview, Carolyn Lawson said that she called potential system integrators and was told that they were not interested in bidding due to the lack of clear requirements and the limited budget (the state requested \$96M, but was only funded \$48M for the project). She said she believed the state could not afford to hire a system integrator with the budget provided.

Other state staff told us the decision was made because it would make the state less reliant on vendors, it would help the state be more prepared to take over the system operations, and it would save cost. A Maximus report, which also addressed the issue, provided another reason, saying that the time required to conduct a procurement was a major driver of the decision. As a result of this decision, the system integrator procurement was cancelled.

Maximus raised concerns about the state's decision to not use a system integrator in an Initial Risk Assessment Report, dated November 3, 2011. The report stated, "The approach will require the State to act as the prime contractor and assume more of the overall project risk."

Oracle was not in the role of system integrator on this project. When interviewed for this assessment, Oracle stated that their team was working at the direction of the state and Cover Oregon. Most of the Oracle consulting purchase orders included payment terms that were based on hours worked, and not based on the completion of deliverables. This departs from best practices and put the state in the position of having to pay for work that did not always result in the anticipated deliverables or that required more hours (and higher cost) than planned. It also created an environment where there were no consequences for missing deadlines and no financial incentive for being realistic about delivery dates. This seems to have contributed to the confusion and poor communication surrounding the actual status of the system as the October 1, 2013 deadline approached.

In summary, in First Data's experience, the decision to not use an overall system integrator for the project departs from best practices. This decision created a lack of accountability on the project. It contributed to a lack of scope control, a delay in requirements definition, and unrealistic delivery expectations. A system integrator with a stronger financial incentive for ensuring performance most likely would have pushed harder in those areas and been more realistic about delivery dates.

5. How was the original scope of the Website Project determined and by whom? To what degree did the scope of the Website Project delay the implementation? How was the scope managed? After the Website Project Team or any of its members realized that the Website was not going to work, would it have been possible to change the scope? If so, how?

The scope of the Website Project was initially defined in Oregon's Early Innovator Grant request, which was submitted by the Oregon Health Authority in late 2010 and awarded in February 2011. The grant application defined the State's plans to create a solution that would seamlessly integrate the commercial health insurance marketplace with Medicaid eligibility and provide one-stop shopping for individuals and small businesses. It also described Oregon's plans to use the same framework for eligibility automation for Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF) and Employment Related Day Care clients (ERDC) as part of the DHS Modernization project. The State's ambitious goal was to create a seamless environment for clients and consumers.

Once the grant was awarded, a number of project documents were generated in 2011 and 2012 that were intended to define in more detail the scope of the Exchange, but none of the documents written by OHA or Cover Oregon appear to have been adopted as a universally agreed upon scope definition. The ambitious nature of the scope did not change, however, and the Exchange and Modernization projects were merged to form the MaX project. This created a project that Rocky King described as having the most robust scope of any exchange.

Recognizing the challenges of this robust scope, there were multiple organizations that highlighted issues concerning the project scope including project staff, Legislative Oversight, DAS Oversight, the Legislative Fiscal Office, and the QA vendor (Maximus). Managing any project with such a significant scale of functionality and organizational complexity requires clear definition and significant management discipline. The significant breadth of functional scope defined within the MaX project was clearly at a size and scale that challenged the project team's management capabilities.

One of the common themes we heard in the interviews was that staff associated with each project (Exchange and Modernization) described the other project as negatively affecting its progress. Constraints within DHS and OHA related to staffing, detailed requirements development, and infrastructure integration were all contributing factors to this conflict. When asked in an interview if scope reductions were considered as a solution to this problem, DHS leadership stated that DHS "didn't see how scope could be reduced". Organizational momentum within DHS and OHA to stay with the original concept of an integrated eligibility method across health care and other assistance programs appears to have contributed to resource conflicts through 2012 and 2013.

It is important to note that OHA and Cover Oregon did identify and implement some scope mitigating initiatives, primarily focused on prioritizing the system requirements. Eventually, DHS and OHA decided to decouple the Exchange and DHS/Modernization teams.

Because Cover Oregon did not understand or acknowledge the significance of the website issues until just prior to the October 1, 2013 deadline, there are no significant scope

adjustments that could have been addressed effectively. Details on the timeline leading up to October 1, 2013 are provided in Section 4.7 of this report.

6. Did the Website Project Team or any of its members have a plan B for operations developed when the Website Project Team or any of its members realized or began to realize the exchange was not going to work? If not, why not?

Contingency planning was a core requirement of the Centers for Medicare & Medicaid Services, which is the federal oversight agency for health insurance exchanges. In compliance with this requirement, contingency planning was initiated by Cover Oregon as early as 2012. For example, in the Cover Oregon Business Operations Plan Outline created in late 2012, the possibility of not completing the system development in time for open enrollment on October 1 was identified as a potential risk. It noted the need to identify scope items that could be performed manually or not automated, and to identify business functions that could be automated in the future.

Cover Oregon established a contingency planning team, but as contingency plans were developed in 2013, the focus seemed to shift to planning for system outages rather than for the possibility of the system not being complete by October 1. The primary exception to this was the Medicaid interface. Cover Oregon established formal trigger points for that interface and a work-around involving manual enrollments was eventually established.

As required, Cover Oregon did produce a Contingency Plan that was submitted for review, however, its focus was on system outages. In June 2013, CMS provided a letter following the Final Detailed Design Review with comments to Cover Oregon, noting the need to improve its contingency plans.

In summary, the project did not have a holistic plan B to address contingencies if the website was not going to be available. Through several interviews, we learned the website project team members did not consider that the website would not be operational. Instead, contingency planning was conducted to address an occasional system outage of a day or two. The contingency considered was use of a paper application. We heard in multiple interviews that staff thought, "the rollout would be bumpy", but they had no sense that the system would be unavailable for months.

It should be noted, however, that according to interviews, the state did undertake planning efforts to enable use of a paper supplemental application as defined in the Affordable Care Act regulations. Its planning was conducted separately from the Cover Oregon Website Project. The state was able obtain the appropriate program waivers to allow for the fast track process, which enabled Medicaid enrollment.

7. When did the Website Project Team or any of its members realize or begin to realize the Website was not going to be ready? Who first realized the Website was not going to be ready?

Although there are numerous sources of documented communication regarding project status, scope issues, and concerns about system readiness, there does not appear to be a formal acceptance by the Cover Oregon leadership of issues significant enough to affect the success of the October 1 launch until August 2013. Even once the acceptance of those issues began in

August, the delay in the system rollout was expected to be minimal. It was not until late October or November 2013 that the full extent of the delay was realized.

During the timeframe beginning in August 2013, adjustments to the launch strategy were made by Cover Oregon following a progressive sequence of limiting the functions that would go live. This progression reflects a gradual acceptance of the significance of the issues facing the system:

- August 2013 - User audience limited to agents and community partners
- Late September 2013 - SHOP release put on hold
- Late September 2013 - Initial rollout limited to the first 5-6 pages of the application
- November 2013 - No individual portal launch

Prior to August 2013, several groups raised concerns about the viability of the October 1 launch date, but Cover Oregon continued to assure leadership at the state and other oversight organizations that the project was on track. Some examples include:

- Quality Assurance concerns – The QA contractor, Maximus, consistently raised concerns about the project and its ability to be ready for the October 1, 2013 rollout. Although the Maximus reports regularly rated many areas of the project red and labeled them as high risk, they were generally viewed as nothing unusual for a project of its scope and with such an aggressive schedule. Overall, leadership became de-sensitized to the ongoing red status.
- Starting in late 2012, the Legislative Fiscal Office (LFO) consistently highlighted risks and made recommendations related to business planning, scope, and schedule. The LFO provided support to the Joint Committee on Legislative Audits, Information Management, and Technology (JCLAIMT).
- In September 2012, Representative Richardson notified the Governor of concerns raised by Maximus in their August 2012 HIX-IT Project Monthly Status Report. The letter notes that “the Q.A. is sounding an alarm that this project is in substantial jeopardy of being Oregon’s next multi-million dollar I.T. project fiasco.” However, following that communication, the Governor’s Office was told the problems were addressed, and the project was on track.
- The Department of Administrative Services, in its oversight role, consistently raised concerns about requirements, scope, project management, and Oracle’s performance.
- In May of 2013, several reports raised concerns about the project, indicating the possibility of delays. This included status reports, QA reports, and Cover Oregon Board and committee meeting summaries that reflected the project’s red status and comments about critical issues and the likelihood of not going live with all required functionality. However, during the same timeframe, the HIX Project Assessment Report stated that, “Final Delivery is on Schedule for 10/1 delivery. The schedule is still high risk due to remaining development and amount of testing to be completed.”

- In the monthly updates to the Legislative Oversight Committee provided by Rocky King, he told the committee members that the project was on track. He said he was nervous about the October 1 deadline, but that he believed it was on track because Oracle told him it was achievable. The committee members were also not provided the QA reports that raised concerns about the project.
- The initial message from Cover Oregon to the Governor's Office that the website may not be fully ready by October 1 occurred on July 31, 2013 when Rocky King provided an update that Cover Oregon "may need to do a staged launch – but project is on track." Prior to that meeting, there were numerous updates provided to the Governor's Office that indicated the project was on track. Subsequent updates to the Governor's Office continued to indicate the project was on track with the staged launch until September 30, 2013, when Cover Oregon notified the Governor's Office that the website would not be up and running on October 1. At that time, Cover Oregon planned to push back the rollout for agents and community partners by one week and the rollout for the individual portal by two weeks.
- Another major factor affecting the general awareness of the exchange website status was the clarity of the formal communication coming from Cover Oregon prior to October 1, 2013. There is evidence that the messaging related to the system's readiness in September and October had the potential to be misinterpreted. On multiple occasions, the Cover Oregon management team provided updates to oversight entities such as the Cover Oregon Board and a Joint Meeting of the House and Senate Healthcare Committees that acknowledged the need for a staged launch or raised concerns about its readiness, but also used confident language like "on track to launch".
- A consistent theme First Data heard in the interviews was that the continued reassurance of Oracle led Cover Oregon to believe the October rollout was achievable, and Cover Oregon, therefore, continued to reassure the state. Although past performance on the project indicated a history of missed deadlines and problems, the Cover Oregon leadership and the State continued to trust that performance would improve.

Recommendations

As the final component of the assessment, First Data was asked to consider recommendations for the State regarding the Exchange and other state IT projects. First Data has identified seven recommendations below.

Increased Statewide Enterprise Oversight Authority for IT Projects - First Data recommends providing more authority to the state's enterprise oversight of information technology projects. This would provide more authority to the state CIO's office and would equip Oregon with the structure to ensure IT projects are carried out more effectively and economically in the future. This would reinforce the state's authoritative ability to respond earlier and more effectively if a project begins to run off course.

State Procurement Oversight - Since the passage of SB-99, OHA IT procurements have not been subject to procurement oversight. In addition to establishing the Oregon Health Insurance Exchange Corporation as public corporation, SB-99 gave OHA the authority to conduct their own procurements for health care information technology contracts. As a result, the State of Oregon no longer has a single entity responsible for ongoing oversight of IT contracts. First Data recommends authorizing DAS to oversee all procurements, including those executed by OHA and Cover Oregon.

Project Governance - One of the common themes identified in the assessment interviews was that there was no single point of authority on the project. The governance and oversight structure for the project was comprised of different boards, committees, agencies, and teams, all with varying decision-making authority. Authority was not only parceled out to multiple committees, but was also fragmented across Cover Oregon, OHA, and DHS. To complicate things further, all of these entities were making different decisions for the same project. First Data recommends ensuring each state project establishes a single point of decision-making authority. This establishes accountability for the success of the project and provides a project greater control and traceability of its outcomes.

Strategic IT/Technology Governance - Complementing the establishment of minimum governance standards and project management methods, the state should consider establishing a governing strategic technology plan that defines minimum standards for effective IT strategic initiatives. IT project decisions outside of normal, proven approaches should require justification and approval by the state CIO. Two examples from the exchange project that should be included are the decision to not use a system integrator and the decision to not use a fixed price contract for Oracle consulting services.

IT Project Staffing - The exchange project was a large, complex IT project. Complex IT projects introduce an innate resource risk that can only be mitigated through careful staff planning. First Data recommends the State reconsider how IT projects are staffed in the State. The exchange project filled many of its staffing needs using temporary positions, which are difficult to fill due to their lack of employment security. Additionally, qualified staff hired into temporary positions are likely to continue to search for alternate permanent state positions. Consequently, the exchange project regularly struggled to sustain the anticipated project team size and skills. As a result, a large number of staff members were acquired through contracts. Where possible, introducing temporary positions or consultant positions to an organization to backfill or support the systems that will be replaced would naturally align staff attrition with the technology and application lifecycles. Reserving the permanent or long-term positions for the 'go-forward' technologies will also provide the state with the capability to develop stronger, more cohesive IT support teams.

Cover Oregon Structure and Governing Model - As the 2013/2014 Open Enrollment period is nearly closed and Cover Oregon transitions into operations mode, now is the time to begin the evaluation of the Cover Oregon governance model. First Data recommends that both the Cover Oregon Board and the State reassess their governing principals before the 2014 open enrollment period becomes the priority. The Cover Oregon leadership team and the Cover Oregon Board need to collaboratively re-evaluate the effectiveness of their existing governing

model and determine what changes will create a more effective communication and decision-making structure. Secondly, the Cover Oregon leadership should conduct an assessment of the current Cover Oregon structure and internal staffing model to determine if gaps in skills and capabilities exist and how they can be addressed. A review and understanding of the Cover Oregon staffing plan will help ascertain if the right people are in the right roles. Ultimately, the future success of the project will be achieved through a combination of an effective structure for management and a combination of the right individuals. Finally, the state should assess whether it makes sense to keep Cover Oregon as a public corporation long term.

Cover Oregon Alternatives Analysis - In light of the current situation with the exchange project, First Data recommends Cover Oregon conduct a “go-forward” alternatives analysis that focuses on the next steps for the project. Specifically, we recommend the analysis address the following three areas:

- √ IT solution – Is the current solution the right approach for the exchange long term?
- √ Vendor approach – Should Cover Oregon contract with a system integrator to take over the system or continue with the current approach?
- √ Sustainability of enrollment and finances – Is the Cover Oregon financial model sustainable based on the current cost and enrollment projections?

2. Introduction

2.1 Background

The Patient Protection and Affordable Care Act, which was signed into law in March 2010, requires all states to operate a health insurance exchange by January 1, 2014. If states chose not to implement their own exchange, the Act required the federal government to implement an exchange for them. The State of Oregon chose to implement its own exchange with the plan to ensure it could meet the unique needs of the state's individuals, employers, and health insurance market.

According to the Oregon Health Insurance Exchange Business Plan, the exchange is to be a central marketplace where Oregonians can shop for health insurance plans and access federal tax credits to help them pay for coverage. The Oregon Legislature created a public corporation to operate the Exchange in the public interest for the benefit of the people and businesses that obtain health insurance coverage for themselves, their families, and their employees through the Exchange.

The Business Plan also explains one of the goals for the exchange is to enable Oregonians to easily compare plans, find out if they are eligible for tax credits and other financial assistance, and enroll for health coverage. They also will be able to shop and enroll by calling a toll-free number and by working with community-based navigators and insurance agents.

The health insurance exchange will eventually serve two major customer groups:

- Individuals who do not have access to affordable coverage at work will be able to use the exchange to compare health insurance plans and enroll in commercial insurance plans or programs, such as the Oregon Health Plan. They also will be able to find out whether they are eligible for tax credits to help them pay for coverage.
- Small employers with 50 or fewer employees will be able to use the exchange to provide expanded choices of health plans to their employees.

Oregon is one of seven states selected by the Centers for Medicare and Medicaid Services (CMS) as an "Early Innovator" state, and was awarded an Early Innovator information technology grant in February 2011. The project plan called for the system to go live by October 1, 2013, as required by the Affordable Care Act. However, the exchange project encountered numerous problems, and most of the system was not ready for use by October 2013. As of March 14, 2014, the system is still not available for individuals or small businesses to use without the assistance of an agency or community-based navigator.

In January 2014, the Governor's office executed a Statement of Work with First Data Government Solutions through Master Contract #107-2852-11 to conduct an independent, third party review of the State's health insurance exchange website project. This document provides the findings and recommendations from that review.

2.2 Scope of the Assessment

The scope of this First Data Independent Assessment was focused on the following seven questions provide by the Governor's Office:

1. What was the basic oversight and governance accountability as it relates to the multiple parties and the procurement/administration/finances of vendor services, including:
 - ✓ Cover Oregon (both board and management team)
 - ✓ Oregon Health Authority (OHA)
 - ✓ Department of Human Services (DHS)
 - ✓ Oracle
 - ✓ Maximus
 - ✓ All other vendors
2. Who was in the position to make decisions as it relates to the Website Project?
3. Why were Oracle products and Oracle services chosen for the Website Project?
4. Did the State or Cover Oregon consider engaging a system integrator to assist with the Website Project? If not, why not? Did the Website Project Team or any of its members believe the State or Cover Oregon had the expertise to undertake the Website Project without the assistance of a system integrator? If so, why?
5. How was the original scope of the Website Project determined and by whom? To what degree did the scope of the Website Project delay the implementation? How was the scope managed? After the Website Project Team or any of its members realized that the Website was not going to work, would it have been possible to change the scope? If so, how?
6. Did the Website Project Team or any of its members have a plan B for operations developed when the Website Project Team or any of its members realized or began to realize the exchange was not going to work? If not, why not?
7. When did the Website Project Team or any of its members realize or begin to realize the Website was not going to be ready? Who first realized the Website was not going to be ready?

The scope of this assessment was limited to the topics defined by these seven questions. The approach did not seek to address any additional questions or topics that have been raised regarding the project with the exception of the recommendations.

3. Assessment Methodology

This section provides an overview of the project approach and activities conducted by First Data as part of the independent review. In accordance with the Statement of Work, the project was conducted over a six week time period, with the report delivered at the end of the sixth week.

The six week effort was comprised of three primary activities:

- Key Staff and Stakeholder Interviews
- Documentation Review
- Final Assessment Report Development

Conduct Interviews with Project Staff and Key Stakeholders

First Data began the project by interviewing many of the key staff and stakeholders associated with the health insurance exchange. This included staff from Cover Oregon, the Oregon Health Authority (OHA), the Department of Human Services (DHS), the Department of Administrative Services (DAS), and the Governor's Office. First Data compiled a list of project roles and staff to be interviewed and submitted the list to the Department of Administrative Services (DAS). After completing the initial interviews, First Data then requested additional interviews with other staff members and stakeholders, based on information obtained in those initial interviews. In total, First Data interviewed 67 people as part of this assessment, including Governor Kitzhaber, several key Legislators, Agency Directors, the Cover Oregon Board of Directors, many project leadership staff, and contractors.

In addition, First Data requested to interview 8 people who were not available due to factors beyond the control of the State. These individuals were employees of contractors on the project whose employers did not allow them to be interviewed, as well as one retired state employee who was not available. The complete list of people interviewed is provided in Exhibit 1 of this document.

As part of the interview process, First Data used a set of standardized questions to guide the conversation, with a focus on the seven key questions defined in the Statement of Work. It should be noted that the interviews were not conducted as part of any legal proceedings, nor were the individuals under oath. Attorneys were present for only two interviews, as indicated in Exhibit 1.

Although not part of the formal interview process, First Data also met with a panel of senior subject matter experts on two occasions. The purpose of this panel was to address any questions raised by First Data regarding Oregon-specific processes or policies, not specifically associated with the exchange project. For example, First Data asked several questions of the panel regarding the typical procurement practices in the state.

Review Website Project Artifacts and Documentation

A key part of First Data’s project approach involved conducting a detailed review of project artifacts and documentation. Similar to the interview process, First Data initially identified the types of documents requested for the review. The State of Oregon then collected the documents and made them available to First Data via a secure web site. As a result of information obtained through interviews or document review, First Data identified additional documents that would be helpful to the assessment and requested them from the state. In total, more than 3,200 documents were provided for First Data review. The complete list of documents is provided in Exhibit 2 of this report.

The following table identifies the types of documents initially requested by First Data.

Documentation Types	Specific Project Documentation Requested
Website Project Governance Documents	Any materials from the Website Project with respect to Website Project Governance. (Examples: Project Charter, Project Governance Plan, Communication Plan, Decision Making R&Rs, Org charts, Interagency Agreements/ Memoranda of Understanding between agencies, etc.)
Contracts	Copies of contracts for: <ul style="list-style-type: none"> • Oracle • Cognosante • Maximus • CSG • Interactive Intelligence
Website Project RFPs or Solicitation Documents and Proposals	<ul style="list-style-type: none"> • All RFPs or other solicitation documents, proposals, statements of work and detailed costs/cost proposals • Evaluation Plans associated with RFPs or other solicitation documents and proposals • Correspondence between state representatives and vendors regarding procurements
Planning Documents	<ul style="list-style-type: none"> • Any written communication regarding Website Project planning activities (Planning Approach, Deliverables, etc.). • All planning deliverables including feasibility studies, grant requests, PAPDs/IAPDs, etc.
Board of Director and Steering/Executive Committee Meeting Materials	All written documents associated with Board of Director and Website Project Steering/Executive Committee meetings, including Agendas, Minutes, Presentations, Risk and Issue logs, etc. from the planning/procurement phase and development/implementation phase
Documentation Related to the Special Procurement Request(s) and Approval(s) and other Procurement Information	All written communications (including summaries and/or notes arising to the extent that any such communications were conducted verbally) exchanged between the State, Cover Oregon, and Oracle in connection to the selection of Oracle, contract, change orders, and contract amendments. This includes agenda, minutes and notes associated with contract negotiations.
Vendor Selection Reports	All written documents and/or communications/presentations regarding the selection of contractors associated with the Website Project
Website Project	<ul style="list-style-type: none"> • All Project Management Plans Internal to the State or Cover Oregon and

Documentation Types	Specific Project Documentation Requested
Management Plans	prepared by Vendors associated with the Project; <ul style="list-style-type: none"> • Baseline Work Plans and Schedules (contractor(s) and State); • Updated Work Plans and Schedules (contractor(s) and State); • Project Management requirements (Requirements Traceability Matrix); • Project management approaches/plans: issue management, risk management, schedule management, budget/cost management, scope management, contract management, staff management, etc.
Independent Assessment Reports	Any independent assessments conducted during the Website Project
Federal Gate Reviews	Presentations and supporting materials used in CMS Gate Reviews
Website Project Deliverables	<ul style="list-style-type: none"> • All Website Project deliverables associated with all vendor contracts; • All Website Project deliverable approval letters; • Any deliverable rejection letters/ notices
Website Project Requirements	All Website Project requirements and Requirements Traceability Matrices
Website Project Status Reports	<ul style="list-style-type: none"> • All written Website Project status reports and status communications from all contractors; • Any written communications regarding project issues and escalation; • Any written communications regarding Website Project risks and escalation
Contingency Planning Information	All Website Project documentation associated with contingency planning including meeting agenda and minutes
Corrective Action Information/Plans	Any written communications, documentation and/or plans related to contractor performance, corrective action plans, and/or delivery issues.
Test Reporting Artifacts	<ul style="list-style-type: none"> • All written documents and deliverables including System Test Plans (including performance and regression testing), Independent Test Plan and UAT Plan • All test reports including pass/fail rates, defects, criticality of defects, defect fix rates, retest results, etc. • Documentation/materials associated with meetings with interface/integration partners regarding test progress • Any Requirements Traceability Matrix updates associated with Testing Artifacts

Initial Documents and Artifacts Requested

The documentation review was used for three purposes:

- Inform the Interview process
- Corroborate the interview content
- Generate the report findings

As much as possible, First Data sought to corroborate all key information obtained in the interviews with documentation.

Oral Presentation and Final Assessment Report

As defined in the Statement of Work, First Data provided an oral briefing to the Governor, staff from the Governor's Office, and DAS representatives on March 11, 2014. The briefing included an overview of the findings associated with each of the seven questions along with a list of high level recommendations for the State.

After the interviews were conducted and documentation was reviewed, First Data developed this Final Assessment Report.

Schedule

The table below describes the schedule for the assessment.

Schedule	Tasks
Week 1	<ul style="list-style-type: none"> • Conduct interviews • Review website project artifacts and documentation • Request additional interviews • Request additional project artifacts and documentation
Week 2	<ul style="list-style-type: none"> • Conduct additional interviews • Continue to review artifacts and documentation • Request additional interviews and documentation
Week 3	<ul style="list-style-type: none"> • Conduct additional interviews • Reconcile information collected and continue to review documentation • Request additional artifacts and documentation
Week 4	<ul style="list-style-type: none"> • Conduct final interviews • Continue to reconcile information collected and continue to review documentation • Request additional artifacts and documentation
Week 5	<ul style="list-style-type: none"> • Continue to reconcile information and request final artifacts and documentation • Prepare Final Assessment Report
Week 6	<ul style="list-style-type: none"> • Conduct oral briefing with the Governor’s Office • Complete and deliver Final Assessment Report

Assessment Schedule

4. Findings

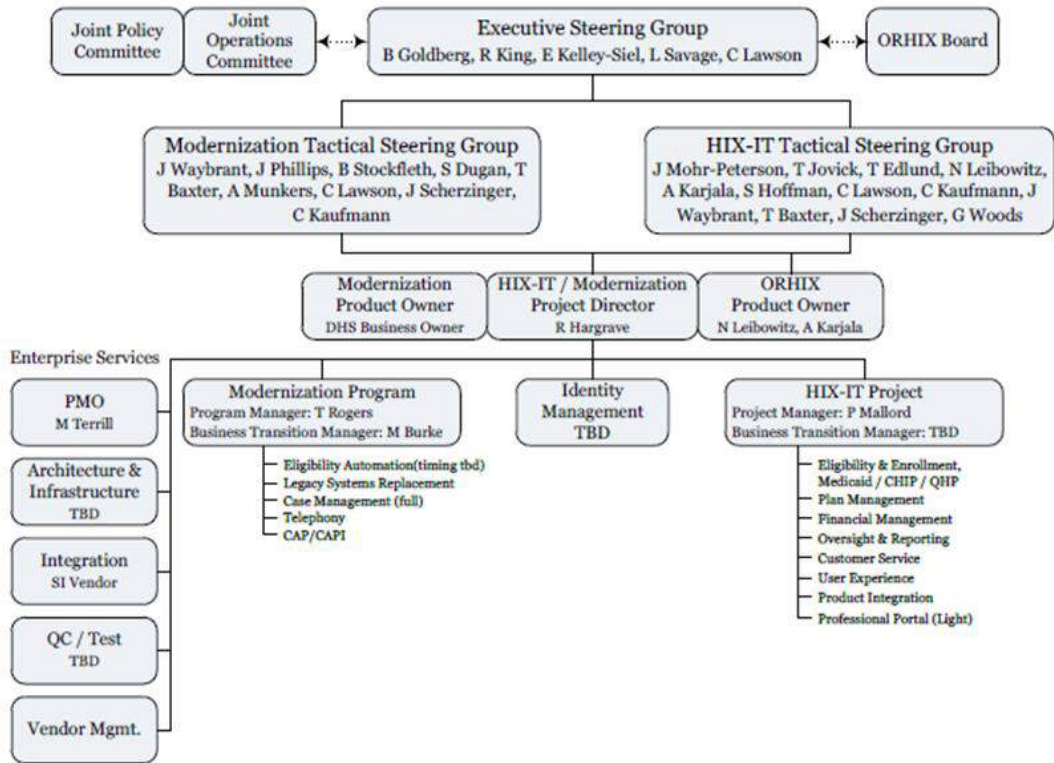
4.1 What was the basic oversight and governance accountability as it relates to the multiple parties and the procurement/administration/finances of vendor services?

Agencies and Project Structure

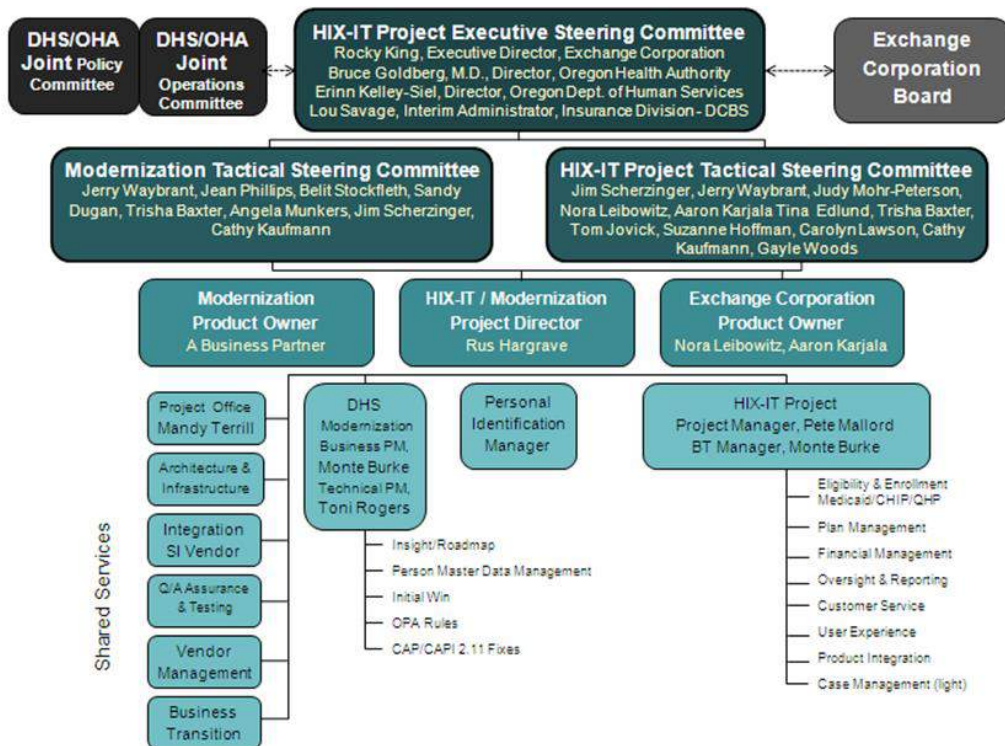
Multiple organizations were responsible for different facets of the website project over time. The HIX-IT Project is described as a joint project between OHA and the HIX Corporation (Cover Oregon). Numerous documents defined governance, roles and responsibilities, communication, and decision making processes. The HIX-IT Project Charter (created March 4, 2011 and updated several times prior to Tactical Steering Committee approval on November 28, 2011) was published by the OHA Office of Information Services (OIS) in partnership with:

- Oregon HIX Corporation
- Oregon Department of Human Services
- DHS / OHA Chief Information Officer
- Oregon Department of Consumer & Business Services
- Centers for Medicare and Medicaid Services (CMS), Center for Consumer Information and Insurance Oversight (CCIIO)

A common theme from the assessment interviews was that the entities involved with the project had different and sometimes competing priorities. As a result, these disparate entities did not always function as a cohesive unit. The initial HIX-IT project was merged with the DHS Modernization effort to form the integrated MaX project team led by a Project Director reporting directly to the DHS/OHA CIO. This occurred in November 2011 and was conveyed to the Federal government in the February 15, 2012 Implementation Advance Planning Document Update (IAPDU) and amended June 15, 2012. The organizational chart presented for the MaX project was similar, but different, from the HIX-IT/Modernization Project, even though the charter and the IAPDU were finalized within two months of each other. Both organizational charts are presented below. Notably, Carolyn Lawson, DHS/OHA CIO, was included as part of the Executive Steering Group and both Tactical Steering Groups in the HIX-IT/Modernization Governance model, but is only reflected as a member of the Tactical Steering Committee in the MaX model.

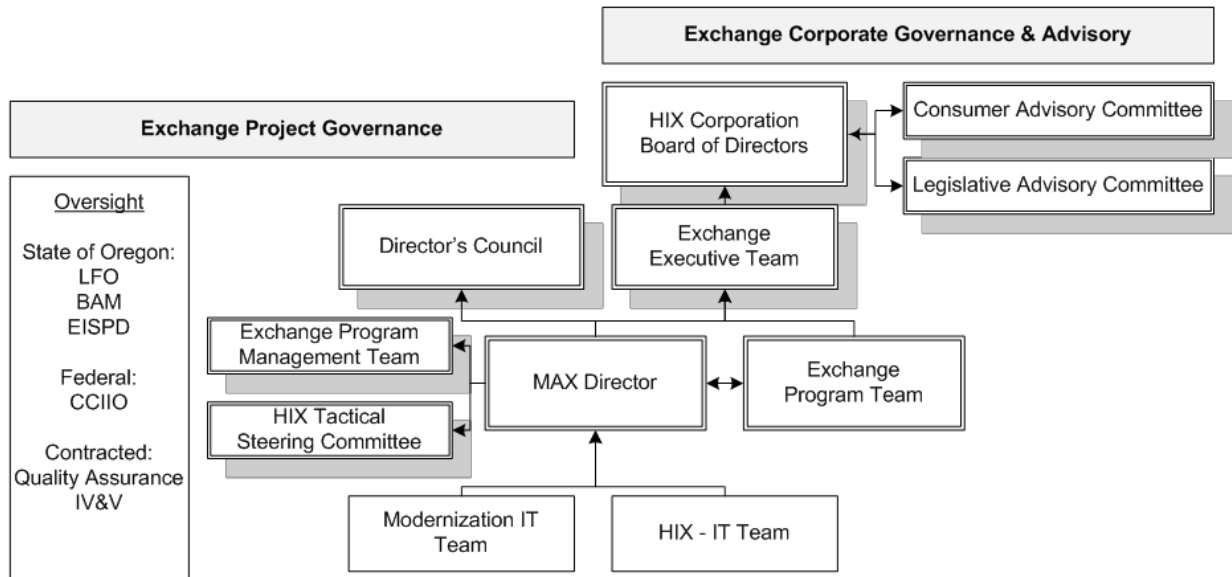


HIX-IT/ Modernization IT Governance Model



Max Governance Model and Escalation Process

The Oregon Health Insurance Exchange Corporation Program Management Plan defined an updated governance structure and processes and distinguished project governance from corporate governance. This plan stated that the Exchange, as a partner with OHA and the technology team (HIX-IT), collectively serve as the system integration team. This plan was dated February 22, 2012 and updated July 15, 2012.



Program Management Plan Governance Structure

There were several other key organizational changes of note, including the following:

- Per House Bill 2009, the Oregon Health Authority was created by transferring health functions from DHS to OHA. The single umbrella organization, DHS, was basically split into two organizations: DHS and OHA.
- Per Senate Bill 99, the Health Insurance Exchange Corporation was established in June 2011 as a public corporation to be governed by a board of directors and supervised by an executive director.
- In May 2013, control of the HIX-IT Project was transferred from OHA to Cover Oregon.

Governance and Oversight

Oversight functions were performed by State, Federal, and contracted entities. The project decision making entities included the Executive Steering Committee and the Cover Oregon Board of Directors (Board). Other State and Federal oversight entities included the Department of Administrative Services (DAS), Legislative Fiscal Office (LFO), and Department of Justice (DOJ). A common theme from the assessment interviews was that there was no single point of authority on the project.

The **Executive Steering Committee** took on several forms from 2011 through 2013. It was referred to as the Executive Steering Committee, Executive Steering Group, Executive Committee, and Director's Council (subset of the committee). The Committee met almost monthly from August 2011 through January 2013. In January 2013, the Committee stopped meeting as a formal entity. The members of the Committee continued to meet frequently on an as-needed basis, but documentation regarding agendas, action items and key decisions were not made available.

Although a formal Executive Steering Committee existed, there were risks and recommendations voiced throughout the project for improved governance and oversight. From May 2012 through August 2012, Maximus documented the following findings and recommendations related to governance and executive roles and responsibilities:

- “On-going executive discussions between HIX-Corp and HIX-IT regarding roles and responsibilities will need to continue on a routine basis to gain clear understanding of roles and responsibilities now and in the future. This should result in the development of a formal interagency agreement (IAG) between OHA and HIX Corporation in order to formalize mutual understanding of project milestones and other matters requiring coordination.”
- “Implement, and clearly document, Senior Executive governance and decision-making.”
- “The Governance structure has included the Executive Steering Committee (ESC) composed of the Directors of OHA, DHS, the Executive Director of HIX-Corp, the Administrator of the Oregon Insurance Division (OID) and the CIO of OIS. Certainly there is executive interest in the project but there has been very limited visibility into the operation of this group and no minutes have been made available to Maximus. We are aware that informal meetings of executives occur routinely and are likely the current decision making forums.”
- “Governance structure needs to be more clearly defined. Technical governance does not currently exist. Results of informal business governance meetings are not consistently communicated to the project team.”

Additionally, as early as July 2012, Issue 4 of the Master Risk, Issue and Decision (RID) Log stated that HIX Corp, OHA and DHS are working together to build a new eligibility and enrollment system. The governance structure does not have a single point of accountability. Nora Leibowitz responded to this issue stating that “efforts are underway at the Executive Director and mid-management levels to craft a governance structure that can address the converging business and IT needs. This effort is being spearheaded by OHA and OIS. Cover Oregon Leadership is working with OHA and OIS to ensure that Cover Oregon has a place at the table in all decision making that affects its policy and IT progress. Part of resolution is to separate technology infrastructure and on the business side, to delegate authority to leadership in DHS, OHA and CO.”

A month later, in August 2012, Maximus provided a recommendation that the Executive Steering Committee should function as a formal body with set agenda and minutes to record

decision making. In response to the Maximus recommendation, Monte Burke formed a work group that initially met to establish a go-forward strategy for identification and resolution of cross project issues. Details about this work group were not documented and were not provided as part of this review.

Governance and oversight risks continued into September 2012, when Risk R-0025 stated, “Without a professional and collegiate working relationship between agencies at the highest executive level, conflicts and communication issues will continue and likely worsen.” Rocky King responded to this risk by stating that “a three-member leadership team designated by the directors of OHA (Bruce Goldberg), DHS (Erinn Kelly-Siel), and Cover Oregon (Rocky King) have been given authority to make decisions and where needed make recommendations to the (Board of) Directors. Intergovernmental Agreements (IGAs) are in process with Cover Oregon’s partners and this continues to be a top priority. IGAs with OHA will be completed in early March.”

A common theme from the assessment interviews was that both Rocky King and Carolyn Lawson were perceived as supremely confident. The interviews also confirmed that the overly optimistic schedule/scope projections were based on continued trust in Oracle and the HIX-IT leadership (Rocky King, Carolyn Lawson, and Bruce Goldberg), despite repeatedly missed deadlines.

The creation of the work group formed by Monte Burke and the creation of a three-member leadership team did not resolve the governance and oversight concerns. In October 2012, Maximus found that the OIS and HIX-IT overall governance structure as stated in the Project Charter did not appear to be functioning. Further, Maximus recommended that the process be clarified, documented and made balanced and transparent for the business and all development teams going forward.

In November 2012, Maximus also provided the recommendation that “CO should lead the effort to clearly define roles and responsibilities for each of the major organizations involved in CO, including both the HIX-IT project and ongoing operations. IGAs should be put in place to clearly identify the working relationships, boundaries, expectations and governance for the development and the operation of the Exchange.” Furthermore, “CO should lead the effort to clearly document, approve and implement the governance process between CO and HIX-IT. This document should include a clearly defined set of tactical and strategic governing meetings, including scope, intention, and membership. Governance should include immediate project work, as well as ongoing operational responsibilities. CO should enlist the assistance of the LFO as required.”

As late as January 2013, Maximus continued to report that there was no clear authoritative document that defined the expectations for all the programs, authority/delegated authority, governance and detailed functional roles and responsibilities. The report also stated that there was a “lack of common or functional governance processes and limited overlap among inter-agency processes with dissimilar priorities and goals among independent state agencies.”

Cover Oregon Quality Monthly Report

Quality Rating Category	Jun '12	July '12	Aug '12	Sep '12	Oct '12	Nov '12	Dec '12	Jan '13	Feb '13	Mar '13	Apr '13	May '13	Jun '13	Jul '13	Aug '13	Sep '13
OVERALL HEALTH	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H
Board Governance	M	M	M	M	L	L	L	L	L	L	L	L	L	L	L	L
Inter-Org Coordination	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H	M
Communication	M	M	M	M	M	L	L	L	L	L	M	M	M	M	M	M

Maximus Quality Status Ratings Table

The table above shows the Maximus Cover Oregon Quality Status Ratings for governance related items from June 2012 to September 2013. Although the table is glaringly in “Red” status (and normally cause for concern), it was a common theme from the assessment interviews that Maximus’ Red status risks were viewed as nothing unusual for a project of this scope and with such an aggressive schedule. Overall, leadership became de-sensitized to the ongoing Red status.

The **Cover Oregon Board** based their governance structure on the Carver Model, which emphasizes “Ends” and “Means.” Under this model, the Board selected and closely monitored “Ends,” which were the effects to be produced by the organization (what benefit, to what group, and what cost). The “Means” under Policy Governance were generally organizational activities, such as decisions around finance, human resource issues and organizational actions including programs and services. The “Means” decisions, other than those concerning the Board governance, were in the purview of the Executive Director. The Board used “Executive Limitations” (EL) policies to proscribe what the Executive Director (staff) cannot do, which served to create a framework around the “Means.” For Rocky King (and the Board) to stay in EL compliance, the project had to be on track to go-live on October 1, 2013 (Policy 1.0.1). From Board establishment through September 2013, the Board still voted Rocky King (and the Board) in compliance with this policy. Mr. King provided regular IT updates to the Board, which were positive in nature and expressed confidence in achieving the launch in October 2013. On October 17, 2013, although Mr. King informed the Board that he was in compliance with Policy 1.0.1, the Board voted not to approve compliance.

The **DAS** oversight role from the Enterprise Information Strategy and Policy Division (EISPD) was the predecessor to the Office of the Chief Information Officer (OCIO). They were limited to Quality Assurance (QA) oversight, which did not encompass the entire project, as described here:

- SB 99 also gave OHA the authority to conduct its own procurements for health care IT. As of June 2011, DAS no longer had any oversight responsibility for OHA procurements or contracts. DAS also had no official oversight responsibility for Cover Oregon as a public corporation.

- Public corporations are not subject to the same oversight and accountability requirements as state agencies. This was raised as a consistent theme throughout the interviews.

The **Legislative Fiscal Office (LFO)** provided research, analysis, and evaluation of state expenditures, financial affairs, program administration, and agency organization. It was both technology and budget focused. The Principal Legislative IT Analyst, Bob Cummings, engaged in overseeing this project, and was involved with the oversight of several other projects concurrent with this one. As a result, the oversight was limited. Despite this limited oversight, there was still a sincere desire on the part of the LFO to implement structure and rigor. The LFO consistently highlighted risks and made recommendations related to business planning, scope, and schedule. The LFO provided support to the Joint Committee on Legislative Audits, Information Management, and Technology (JCLAIMT).

Additionally, a Legislative Oversight Committee (LOC) was established. Based on interviews with multiple members of the LOC, they were completely unaware of the Maximus QA role and never received any of the Maximus QA reports. Rocky King briefed this committee on a monthly basis and confirmed that the project was on track.

The Department of Justice had limited involvement. They were charged with oversight of RFPs and contracts, but this primarily consisted of reviews for legal form and compliance only.

For information about governance and oversight of Oracle, refer to Sections 4.3 and 4.4 of this report.

Quality Assurance

Maximus, an independent consulting firm, functioned in a QA role for both OHA (HIX-IT project) and Cover Oregon. Maximus provided quarterly QA reports to OHA that were straightforward, detailed and comprehensive. The QA reports highlighted key risks in nineteen categories, as well as key mitigation strategies and solutions. The HIX-IT QA reports were concluded in May 2013.

Maximus also provided monthly QA status reports to Cover Oregon. Not only did the reports highlight key risks in twenty-three areas, but they also recommended mitigation strategies and solutions.

During 2012 and 2013, Maximus clearly indicated high priority risks in the following governance related areas: communication, governance, and inter-governmental coordination. Many of those risks are mentioned within this assessment report. Both OHA and Cover Oregon responded to most of the QA findings; however, the responses were often not considered sufficient by Maximus to close the risks.

Program and Project Management

Evidence was not found to support a real, cohesive enterprise approach to Program and Project Management. A number of formal management plans, including project/program plans, communication plans, a governance model, decision matrix, scope/change management plans,

schedule management plans, risk and issue management plans, budget management plans and escalation processes were created. Although these plans were created, several stayed in draft form (were not approved or defined as master files) and many were duplicated by different agencies (i.e., OHA and the OR HIX Corporation created separate plans). A total of twenty-seven management plans were created, with four plans as duplicates. Twelve of the fourteen management plans listed in the Program Management Plan were created, with exception of the Operational Plan and Vendor Performance Management Plan.

On September 6, 2012, Risk R-0033 was created stating that “without all of these foundational documents being clearly completed, approved, and enforced by executive management they will not be institutionalized.” The RID Management team was in concurrence with this risk, yet almost all of the management plans remained as drafts and were not updated even after this risk was created.

As shown in the following table, many management documents vary in content, even though they were in the same management plan category (i.e., Communication Plan.doc and 12 Exchange Communication Plan 20120706.doc varied in overall content, despite both being communication plans.)

Document Name	Owner	Creation Date	Last Updated	Approval Date	Author
COMMUNICATION PLANS					
Communication Plan	DHS/OHA	11/21/2011	05/15/2012		Janel Pettit, Joanne Mayberry
13 - Oregon HIX-IT Communication Plan	OHA	11/21/2011	12/21/2011		Janel Pettit
12 Exchange Communication Plan 20120706	ORHIX	04/12/2012	04/18/2012		Mark Penserini
RISK AND ISSUE MANAGEMENT PLANS					
doc10030 Oregon HIX -IT Risk and Issue Management Plan	OHA/DHS	02/06/2012	05/14/2012		
Risk and Issue Management Plan	OHA/DHS	None	05/14/2013	02/11/2013, 05/14/2013	
Risk Issue and Decision Management D4 04182012	ORHIX	03/07/2012	04/18/2012		Mark Penserini
PROGRAM/PROJECT MANAGEMENT PLANS					
02 Exchange Program Management Plan_02120706	ORHIX	02/22/2012	07/15/2012		Matt Lane
doc8502 Copy of 07_HIX-IT Project Management Plan	DHS/OHA	02/06/2012	04/23/2012		

Document Name	Owner	Creation Date	Last Updated	Approval Date	Author
HIX-IT Project Management Plan	DHS/OHA	07/25/2012	10/15/2012	07/25/2012	Toni Maries
09 - HIX-IT Integrated Project Plan v0.1 (draft)	OHA	02/06/2012	02/06/2012		
MAX PMO Plan	DHS/OHA	04/02/2012	02/04/2013		KPMG, Merri LeClerc
PROJECT CHARTERS					
01 Exchange Charter_02120706	ORHIX	None	None		None
1 - HIX-IT Project Charter	OHA	04/04/2011	None	11/28/2011	Mandy Terrill, Pete Mallord
TEST PLANS					
10 exchange Test Plan_20120706	ORHIX	05/23/2012	05/23/2012		Robert Brock
14 Exchange Quality Management Plan_20120706	ORHIX	05/25/2012	05/25/2012		Mark Penserini
Test Plan for HIX-IT Project v7 Draft 3-4-13	DHS/OHA	10/16/2011	03/04/2013		Pete Mallord, Rebecca Sponse
SCOPE MANAGEMENT / CHANGE MANAGEMENT PLANS					
24 exchange scope-change management plan 7-25-12	ORHIX	None	12/10/2012		
doc10034 Oregon HIX-IT Scope Management Plan	DHS/OHA	None	08/02/2012	06/30/2012	
doc8497 Copy of 12_Change Management Plan	DHS/OHA	02/13/2012	04/06/2012		Tom Cogswell, Merri LeClerc, KPMG,...
12_Change Management Plan					
MaX Scope Management Plan					
BUDGET / FINANCIAL MANAGEMENT PLANS					
15 Exchange Finance Management Plan_02120711					
11 Exchange Budget Management Plan_02120706	ORHIX	04/17/2012	05/21/2012		Mark Penserini
Financial Management Plan	DHS/OHA	None	08/08/2012	08/08/2012	
QUALITY MANAGEMENT					
HIX-IT Quality Management Plan	OHA	08/09/2012	08/09/2012		Karen Edgecomb

Document Name	Owner	Creation Date	Last Updated	Approval Date	Author
					MAXIMUX QA
14 Exchange Quality Management Plan_02120706	ORHIX	05/25/2012	05/25/2012		Mark Penserini

Duplicate Management Plans

Due to the many duplicated and draft management plans, it was unclear which management plans were in effect and for what period of time. Based on the assessment interviews and an analysis of the RID Log and other project documents, it appears that the many of the management plans were used to some degree by the project teams, but to what extent remained unclear.

The RID Log was one project document that was consistently used and updated from April 2012 through September 2013. Though actively used, the formality associated with closing risks, issues and decisions was inconsistent. For example, of the 139 risks in closed status by September 23, 2013, only 36% of those included a closed date. Risks were also marked as closed when there was no real mitigation.

In spite of the management plans that were in place, based on the Maximus QA Reports, the RID Log and information conveyed in assessment interviews, it is clear that communication across agencies was ineffective and at times contentious. The lack of a single point of authority slowed the decision making process and contributed to inconsistent communication, and collaboration across agencies for decision making purposes was limited at best.

Status Reporting and Communication

Although the effort to provide project status updates was evident through several different weekly, monthly, and quarterly status reports (13 different status report layouts) and status meetings, communication of project status was inconsistent depending on the author and the audience. Internal communication of project status and project health varied. Throughout the spring of 2013, Maximus QA status ratings most often did not match the HIX-IT status ratings. These different status ratings were at times reflected in the same report, with QA status ratings as Red status and HIX-IT status ratings as primarily Yellow status. External (i.e., CMS) communication of project status sometimes varied from internal reporting sources. These variances also reflect the differences in perspectives of the organizations creating the reports. Some specific examples of these status reporting variances are as follows:

- January 2013 Internal Status: The Cover Oregon Monthly Status Report rated scope, schedule, and quality as Red.
- February 2013 Internal Status: The Cover Oregon Monthly Status Report rated scope, schedule, and quality as Red.
- February 2013 External Status to CMS: Status was split up by the DHMS and HIX project components. The DHMS budget status was Red, while all other project categories were

Yellow and Green. The HIX update showed only “Finalized Functional Design” and “Jan/Feb Interface Delivery” as Red status. All other status categories were Yellow status or blank.

- April 2013 External Status to CMS: Status continued to be split up by the DHMS and HIX project components. The DHMS status update had all categories as Yellow and Green status. The HIX update showed only Red status for “Federal Interfaces (CMS)” because of “(Rework due to CMS)”. All other status categories were Yellow or mostly Green.
- There are also multiple instances where the CMS Status Reports did not include the ratings associated with the risks identified by the QA vendor.

To reinforce the differences found in project status communication, on July 21, 2013 the Cover Oregon Monthly Quality Status Report stated that “the communication related to a slow launch to date has been strictly internal, the use of the terms unstable and unreliable have not been used.” Additionally, as stated in the LOA section above, CMS was provided more positive project status. The Legislative Oversight Committee was also briefed by Rocky King on a monthly basis that the project was on track.

Invoicing and Finance Oversight

With multiple agencies involvement, over twenty vendors, several different Federal grants, and a budget well in excess of \$100M, invoicing and financial oversight was necessary. Additionally, with project components being combined and split out throughout the project timeframe, and ownership of purchase orders and invoicing spanning multiple agencies, the complexity of financial management was tremendous. Examples of this financial complexity were found in May 2012: “The OPA FPE Contract combined HIX and Modernization milestones. Unless all portions of a milestone are completed, the milestone cannot be accepted and paid.” Again in the spring of 2013, purchase orders and invoicing for Oracle and Dell were transitioned to Cover Oregon from OHA.

In spite of this financial complexity, other than the Board and committees receiving budget status updates via status reports, other decision documentation on this topic was not located. Financial Management and Budget Management Plans were created, but Contract and Vendor Management Plans were not. The need for all of these plans was expressed in the Program Management Plan. Further, “Cover Oregon did not agree that an independent firm was needed to audit the contracts.”

Although governance and oversight documentation was not found, the Financial Management Plan stated that “all payment requests typically come directly to the accounting department where they are given to the appropriate code. Invoices must be approved by Controller prior to being paid.” Additionally, the Finance Office implemented new PeopleSoft financial software and had invoice, contract and financial processes in place. There was also a deliverable acceptance checklist, which stated that “contractor deliverables must follow approval acceptance criteria processes as outlined in their contract.” Several contract and invoice tracking spreadsheets were provided for review. There was no documentation found that

supported the notion that oversight or governance committees were involved in the review of these tracking spreadsheets or overall vendor payments.

It should be noted that House Bill 4122 would require an independent third-party contractor to oversee the creation and execution of IT projects worth more than \$5 million. If they are worth less than \$5 million, they must meet other criteria as well to require the oversight. Beyond requiring third-party oversight, it would also require the contractor who monitors a project to submit reports to the state’s chief operating officer, chief information officer and others, who will be required to act on any problems outlined in the reports.

4.2 Who was in the position to make decisions as it relates to the Website Project?

Leadership Accountability and Decision Making

Although formal governance, oversight, decision making, and escalation processes and procedures were documented, several risks and recommendations were raised throughout the project timeframe regarding improved governance, executive accountability, and decision making. It was the Executive Steering Committee who was responsible for the majority of project decision making, as reinforced in the RACI (Responsible, Accountable, Consulted, and Informed) Diagram from the 02 Exchange Program Management Plan shown below.

Description	Exchange Board	Executive Team	Exchange Team
Strategic Direction	C	R	C
Scope Changes	I	R	C
Budget Changes	I	R	A
Schedule Changes	I	C	A
Vendor Management	I	R	C
Grant/Funding Decisions	C	R	I
Business Case Decisions	I	R	A
Function Team Charters, Deliverables, Schedules	I	C	R
QA Resolutions	I	A	R
Program Communications	C	R	I
Operational Decisions	I	R	C
Resources Management	I	R	C

RACI Diagram

Despite there being regular monthly Executive Steering Committee meetings during 2011-January, 2013, there was a lack of formal meeting notes, decision tracking, and documentation. Further, the assessment interviews found that Rocky King, Bruce Goldberg, and Carolyn Lawson were the key project decision makers. The full complement of Executive Steering

Committee participants consists of Rocky King, Bruce Goldberg, Carolyn Lawson, Erinn Kelley-Siel, and Lou Savage.

Notably, the only project decision log, (Master Risk, Issue and Decision Log) which was primarily managed by Cover Oregon, reflected only nine decisions. While some decisions were documented in meeting minutes, the extent to which those decisions were conveyed to appropriate parties is unclear. Additionally, while this project required inter-agency coordination, it lacked a single, enterprise decision tracking tool to document and manage decisions across entities.

The lack of decision tracking and communication resulted in many project risks and repeated Maximus QA recommendations that were accompanied by high-risk, red status reports. As stated in Section 4.1, Maximus provided a recommendation in August 2012, that the Executive Steering Committee should function as a formal body with set agenda and minutes to record decision making. In response to the Maximus recommendation, a work group was established for identification and resolution of cross project issues. Maximus recommendations around project governance, inter-organization coordination, and communication continued throughout the project.

The Board of Directors (Board) met monthly to receive project updates and discuss governance structures and executive limitations (ELs). Very few Board decisions were documented outside of approving compliance with ELs. The Board meeting minutes from November 1, 2011 through August 14, 2012 include steps and actions about the Carver Model (further explained in Section 4.1 of this report.) The Carver Model includes Principle #7: The board speaks with one voice or not at all. Counter-supportive to Principle #7, the Board meeting minutes reflect decisions made solely by Rocky King (i.e., on October 7, 2013, “Mr. King talked about the technical difficulties Cover Oregon is experiencing and said he has made the decision not to open to the whole state yet.”).

In addition to the Executive Steering Committee and the Board, a three-member leadership team designated by the directors of OHA (Bruce Goldberg), DHS (Erinn Kelly-Siel), and Cover Oregon (Rocky King) was given authority to make decisions and make recommendations to the Board when needed. As stated in Section 4.1, this three-member leadership team was created in response to Risk R-0025 dated September 6, 2012: “Without a professional and collegiate working relationship between agencies at the highest executive level, conflicts and communication issues will continue and likely worsen.”

Around the same time that the three-member leadership team was established, an additional risk was documented (R-0026: “Without close cooperation, decisions are made without appropriate analysis of the impact on OR HIX.”). In response to that risk, Aaron Karjala stated that, “resolving this risk is a work in progress” with a cross-team working group created on the business side, and Cover Oregon’s CIO opened talks with Oracle’s acting CTO on the technical side. Cover Oregon also requested that OHA insert Cover Oregon’s needs into the decision-making process at MaX and HIX-IT.

Along with the Executive Steering Committee weekly meetings, the Board’s monthly meetings, the establishment of a three-member leadership team, and the creation of multiple working

groups, OHA/DHS CIO Carolyn Lawson also instituted a daily stand-up meeting from November 16, 2012 through February 15, 2013 to allow for escalation and resolution of urgent project issues. Attendees of these daily meetings were not documented, along with a lack of meeting notes, decision tracking, etc. Coincidentally, around the same time that the daily stand-up meetings were created, the Executive Steering Committee stopped meeting (January 31, 2013). There was no documentation found regarding why the committee stopped meeting, or the effectiveness of the three-member leadership team or daily stand-up meetings.

Within the over three thousand documents provided for review, there were no documents found regarding cross-organizational coordination other than having key members from the different offices/agencies on the Steering and Executive Committees. A master/enterprise level work plan that contained agency/stakeholder responsibilities, in addition to all vendor responsibilities was not located. To this end, risks like R-0025 (dated September 6, 2012: “Without a professional and collegiate working relationship between agencies at the highest executive level, conflicts and communication issues will continue and likely worsen.”) remained open throughout most of the project timeframe.

Project Teams Accountability and Decision Making

Decision making was also delegated to manager levels, such as the project director, project manager, product owner, and IT lead. To assist with decision making, as well as risk and issue tracking and management, a Risk Issue and Decision Management Plan was completed on April 18, 2012. Along with the completion of this plan, a Risk, Issue and Decision (RID) Management Team was created, RID Management Team meetings were established, and a RID Log was created and actively managed. The RID Management Team met bi-weekly to discuss current project risks and issues and make decisions, recommend resolutions, and define mitigations. On September 6, 2012, risk R-0022 was defined, stating that while clearly unintentional, the potential overall and/or dependencies between the inter-related projects and initiatives may cause significant duplication of effort and/or rework. Decisions may be made in one area without proper consideration of the implications to other efforts. Aaron Karjala closed this risk on February 8, 2013, stating that CO and HIX (in a coordinated effort) have invested a significant amount of resources in the establishment of disciplined processes for decision making and managing scope between multiple projects. To compound the project environment even more, a common theme from the assessment interviews was that there was a lack of qualified state resources that resulted in greater reliance on contractors.

Although disciplined processes for decision making and managing scope were to have been established, Maximus’ April 2013 QA report (finalized June 5, 2013) stated the following red recommendation: “CO should lead the effort to clearly define roles and responsibilities for each of the major organizations involved in CO, including both the HIX-IT project and ongoing operations. IGAs should be put in place to clearly identify the working relationships, boundaries, expectations and governance for the development and the operation of the Exchange.”

Additionally, as of September 23, 2013, the RID Log included 150 emergent risks and twenty-eight (28) issues. The RID Management Team and RID Log continued to document the progress

of risks and issues resolution and mitigation, yet fell short on documenting decisions. The decisions section of the RID log contained only nine entries.

Change Control

The project had a formal change control process put in place by early 2013, which described the process steps for requesting a project or system change (CR) and the approval/denial decision steps. From January 16, 2013 through September 6, 2013, 120 formal change requests (CRs) were made, with forty-three percent (43%) approved, four percent (4%) denied, and fourteen percent (14%) deferred – the remaining change requests are still pending. There is no documented evidence of formal change control prior to 2013. The CR decision makers/approvers also varied. While it is recognized that approvers could vary dependent upon the nature of the CR, there still was not an official oversight team confirming all CR decisions from a global perspective.

4.3 Why were Oracle products and Oracle services chosen for the Website Project?

Market Research and Software Selection Process

The selection of the Oracle software followed a process that engaged multiple vendors and evaluated Commercial-off-the-Shelf (COTS) solutions in the marketplace. The focus was on establishing an enterprise solution for the health insurance exchange and for the DHS Modernization project. As defined in the state’s Early Innovator grant request, “Oregon’s solution has an ambitious goal: to build a system in which the Health Insurance Exchange’s eligibility system is seamless with Medicaid.” It defined a solution “rooted in the State’s enterprise technology plan, which outlines a series of enterprise capabilities that streamline and modernize various business functions, including eligibility and enrollment programs.” The grant described the system as “based on a configurable technology framework and shared information technology architecture.”

The COTS solution selection process, which is documented in the Oracle Solution Recommendation & Evaluation document, dated May 27, 2011, included market research conducted in 2010 with other states that had purchased framework solutions as well as an agency that represented a transfer solution. The state also conducted a vendor fair and released a Request for Information (RFI) to solicit vendor information on available solutions. Oracle and Curam responded to the RFI with framework solutions and were invited to conduct product demonstrations with the state, but Curam declined to participate further. The State then conducted an Oracle solution demonstration and detailed product evaluation.

As part of this process, an alternatives analysis was conducted to confirm the type of solution to use for the combined exchange and modernization efforts. The analysis considered four solution alternatives:

- Maintain the status quo
- Build a new system through custom development

- Purchase and implement a commercial-off-the-shelf (COTS) solution
- Transfer an existing system from another state

The analysis is documented in the Business Case dated May 25, 2011 and updated October 9, 2012. It concluded that the purchase of a COTS framework was in the best interest of the state given that the decision aligns with the long term IT strategy, because it provides a development environment that supports Service Oriented Architecture (SOA), workflow management, application configuration, and support for consolidated data management of all health and human services information.

Oracle Solution Selection

In May 2011, the state made the formal decision to use the Oracle solution for the health insurance exchange. It was unanimous among the key decision makers, which included Monte Burke, Jeanette Burket, John Koreski, Nora Leibowitz, Kathryn Naugle, Steve Novick, Belit Stockfleth, and Jerry Waybrant. Some of the reasons stated in the state's selection document include:

- It would provide a common architecture with the DHS Modernization efforts
- It is in alignment with the technical roadmap and documented business needs
- The evaluation document notes that Oracle's response to a state questionnaire indicated that only about 5% of business requirements would require customization
- The selection of the Oracle rules engine was consistent with the decision of several other states
- There was a perceived commitment from Oracle. The decision document notes "Oracle appears to be ready to work with the State to make it a reference account for other EA and HIX clients."

It should be noted that the decision focused on the software solution, and did not address consulting or system integrator services. At the time that the Oracle solution was selected, the state planned to contract with a separate system integrator to do the configuration and customization. This was documented in numerous plans, as noted in Section 4.4 of this report. At the time of the selection, the state also noted a risk associated with conducting discussions with only Oracle. The document titled Oracle Summary Briefing dated May 6, 2011, noted that since Curam took itself out of the running, the state would have less contract negotiation leverage with Oracle.

The Wakely Consulting Group, which assisted the state in conducting a review of the Oracle solution, agreed with the selection of the Oracle software, but made some key recommendations that were not followed by the State. These recommendations are also documented in the Oracle Solution Recommendation & Evaluation document dated May 27, 2011. Specifically, Wakely noted the state's plan to procure a system integrator and recommended the following:

- Oregon should seek to contractually obligate Oracle to deliver on the verbal commitments that it has made.
- Oregon should take the steps to insulate itself from a contractual arrangement where more than one entity is ultimately responsible for the success of the implementation.
- Oregon should take care when selecting its system integrator to ensure the vendor has the requisite skills, capabilities and experienced/certified staff in the platform technology.
- The State should structure the procurements to ensure both the selected technology platform vendor and the system integrator are vested in the success of the project.
- The state should define a clear and simplified baseline scope and keep a close and strict eye on management of the scope.
- In order to meet the tight deadlines, the State needs to implement the “must haves” first and, once in place, then go back and implement the “nice to haves.”
- Emphasized the importance of an experienced Project Management team and strict Project Management principles and SDLC best practices to reduce risk.

Procurement Process

On May 23, 2011, DAS approved a Request for Special Procurement that provided approval to procure a framework for the HIX-IT and Modernization projects using alternative approaches if needed. Without the Special Procurement, the agency was required to purchase the software via the Dell Price Agreement #0450. However, under the terms of the Special Procurement, the agency was allowed the use of alternative methods, such as the GSA Schedule 70 or the open market, if the agency had an offer that was 5% better than Dell was willing to offer under the Price Agreement. The agreement included the purchase of software, licenses, hosting services, and services related to setting up the software, with a total estimated cost of \$10 million. The Special Procurement document also specifically stated that it did not include acquisition of system integrator services. The state decided to purchase the Oracle software through the Dell Price Agreement, so the Special Procurement authority was not exercised.

On June 22, 2011, DAS issued Amendment 1 to the Dell Price Agreement #0450 to enable OHA and DHS to procure Oracle services through the agreement. Oracle software was already on the Dell Price Agreement, but services were not. On June 30, 2011, the initial Oracle statement of work was signed by the state, with the actual purchase order 314398 issued on August 24, 2011. The total amount of the PO was \$8,712,591. It included software, licenses, hosting services, and consulting services. The consulting services consisted of \$1,069,889 for fixed price deliverables-based services to develop the business rules and put them in the OPA rules engine and \$87,000 for 256 hours of services on a time and materials basis. Note that these initial services were not a replacement for system integrator services; the state was still planning to use a system integrator.

On June 17, 2011, Governor Kitzhaber signed Oregon's Exchange authorizing legislation (Senate Bill 99) into law. SB 99 also gave OHA the authority to conduct its own procurements

for health care information technology contracts. At that point, DAS no longer had oversight responsibility for OHA procurements.

On October 7, 2011, Oracle purchase order 316258 was issued for \$1,326,018 to develop the L0, L1, and L2 Enterprise and Solution Architecture Models. This appears to be the first purchase order that includes work that would normally be performed by a system integrator. However, it specifies that services are to be paid on a time and materials basis and does not tie payment to completion of any deliverables. It states that the Oracle team will provide 535 person days to “assist you with” the models “at your direction.” This approach departs from contracting best practices by putting the burden on the state for directing the vendor’s work and providing little financial accountability for the vendor performance. This contracting approach also goes against the assumptions made by the state when selecting Oracle and against the recommendations of the Wakely report.

A total of 43 purchase orders worth approximately \$132M were issued for Oracle by OHA. The consulting purchase orders continued the time and materials approach established on PO 316258, which put the burden on the state for directing the vendor work and offer little accountability for performance. The statements of work were usually not very definitive, but included terms such as “assist with” and “support.” Some of the purchase orders also included the following statement: “You acknowledge and agree that completion of deliverables is not a condition precedent to payment of fees for services.” A list of the Oracle purchase orders and their amounts is provided at the end of this section.

Using the Dell contract to procure such extensive services seems to go beyond the original intent of the Dell Price Agreement, since services were not included in the scope when the price agreement was competed. In First Data’s experience, it is best procurement practice to stay within the intended scope of vendor agreements. Any one individual purchase order reviewed on its own wouldn’t necessarily be inappropriate, due to Amendment 1, which allowed services on the contract, but when looking at the bigger picture of the combined value of the many purchase orders, it goes against best practices and seems to go beyond the intent of the Dell Price Agreement. If system integrators had known that level of services would be procured through the contract, more of them might have tried to compete to be a part of it. According to Carolyn Lawson, several vendors complained to OHA about the services being procured through the Dell contract.

Each purchase order was reviewed and approved for legal sufficiency by the Oregon Department of Justice, but First Data was told those reviews would have been narrowly focused on the legality of the individual purchase orders. The question of appropriateness would have been the responsibility of the OHA contracting office. In addition, it does not appear as if CMS reviewed or approved the Oracle purchase orders. First Data was told that they were discussed with CMS in quarterly calls, but CMS did not ask to review them.

Another unusual aspect of the Oracle procurements is the large number of purchase orders issued. For example, on one day, September 12, 2012, six separate purchase orders were issued for Oracle totaling more than \$51 million. The purchase orders state that the purchase had to be split across multiple POs due to ADPICS controls. OHA explained that this was due to

a limitation on the authority of the OHA purchaser entering the POs into the ADPICS procurement system. On another day, December 1, 2011, seven purchase orders were issued for Oracle totaling more than \$32 million. When asked why so many separate purchase orders were issued, Carolyn Lawson said it was done that way to provide more flexibility if something changed (a task could be cancelled without affecting everything else).

As part of the handoff of the project from OHA to Cover Oregon, Cover Oregon established its own contract with Oracle on March 14, 2013. Because the handoff to Cover Oregon was quicker than planned due to financial issues, there was little time to establish a new contract. First Data was told in the interview process that Cover Oregon attempted to modify the terms of the contract to be more in line with best practices and to make Oracle more accountable, but was unsuccessful due to the short timeframe available for negotiations. First Data was also told that Oracle threatened to stop work if a new contract was not in place. As a result, the Cover Oregon contract continued with terms similar to the OHA contract.

Oracle Performance

The QA contractor, Maximus, raised numerous concerns about the Oracle software and about the Oracle consulting services. They noted that Oregon was the first state to use the framework for both eligibility automation and HIX and raised concerns about how integrated the various components of the Oracle solution were. In November 2011, Maximus conducted an initial risk assessment of the project. The report dated November 3, 2011 stated the following about the use of the Oracle framework: “The Oracle framework is not currently used in other states on similar projects. Oregon is the first State to use the framework for both EA and HIX. The commercial framework presented from Oracle is a number of products that Oracle has purchased over the years. It is unclear as to how integrated these products are currently.” First Data heard comments consistent with this in interviews, noting that the core system environment took longer to stand up than expected and noting that the Oracle team sometimes seemed to operate in silos.

Maximus has been very critical of Oracle’s development capabilities on the project, noting the missed delivery dates and high number of issues associated with software releases. Many of the Quality Assurance reports contained detailed criticism of the Oracle performance. One example is the September 2013 Cover Oregon QA Status Report, which includes the following statements:

- “Oracle continues to underperform. It is recommended that CO withhold payment of any invoices until a thorough review the contract is conducted by DOJ for lack of performance.”
- “Oracle continues to post dates for specific deliveries and consistently miss delivery targets, a clear example is that of environment delivery. Oracle was to delivery 7 environments by 9/26/13 and to date they have only delivered 5. Given this pattern CO should consider the use of “cure” letters to, at a minimum, formally document the pattern by the Vendor. “

- “Software releases into test from development are being implemented daily/weekly. The releases are not stable and fixes and features are appearing randomly in the releases. In addition, more items are breaking than are being repaired. This is indicative if too much concurrent Oracle development in an uncontrolled development environment.”
- “It is likely that scope will continue to be trimmed if issues arise with the current plan or if development (Oracle) continues to under deliver.”
- “Oracle’s ability to release system environments is problematic. The UAT environment is to be repurposed by CO on Oct 1st as an alternate development environment.”
- “Oracle’s ability to properly estimate the work for any release is significantly lacking.”
- “The inability of Oracle to deliver previous roadmaps makes it difficult to expect them to deliver against the new fall roadmap.”
- “The lack of reliable estimating by the Oracle teams, undiscovered development issues and incomplete requirements by CO will result in continued surprises to CO throughout the initial launch and subsequent releases in the fall.”
- “Oracle has not delivered to plan for the previous iterations. Typically, in an iterative environment, the delivery variance is reduced over time (a number of iterations) and quality improves as the organization matures. This is most likely an indication of lack of formal, industry standard development processes within the Oracle organization.”
- “Oracle’s performance is lacking. Their inability to adhere to industry standards and professional software and project management tenants warrants further review.”
- “Each software release from Oracle increases the overall amount of defects. Typically over time defects will level out and begin to recede as the features are honed. This can be indicative of too many developers working on too many releases simultaneously without proper processes and controls.”
- “Oracle SIT testers do not have a full grasp of the desired functionality of the system, therefor their testing quality is insufficient.”

The amount of Oracle software customization required has been significantly more than anticipated. In a response to a questionnaire from the state on March 16, 2011, Oracle stated that 230 of the 237 identified requirements are met “out-of-the-box.” The document defines that as follows: “Functionality provided out-of-the-box: The vendor provides the functionality from its own code base. No customizing or working around is required.” However, a HIX-IT Project Assessment Report from May 2013 estimated the system to be 60% COTS and 40% custom configuration.

Oracle would not allow any of its project staff to be interviewed for this assessment, with the exception of the company’s Chief Corporate Architect, who was not involved with the project

until November 2013. In that interview, Oracle stated that the problems were caused by weaknesses within OHA and Cover Oregon, especially the following:

- **The lack of well defined, stable requirements** - Oracle said that deadlines were often missed because requirements were not well defined or they were frequently changed after development was underway.
- **The lack of discipline in the change control process** – Oracle said that Cover Oregon’s use of the change control process was not consistent, resulting in undocumented, ad hoc changes.
- **The absence of a system integrator** – Oracle said they had not been involved in any other projects this complex that did not have a system integrator, and the lack of a contracted integrator made it easier for the undisciplined behavior to occur.
- **The lack of timely test cases** – Oracle stated that test cases for some use cases were not provided until mid-October 2013.

A list of the Oracle purchase orders issued by OHA is provided in the table below.

PO Number	Date	Value	Purpose
322689	4/5/2013	\$246,509	On Demand services 4/2013 – 4/2014
314398	8/24/2011	\$8,712,591	<ul style="list-style-type: none"> • Software • Licenses • Hosting services • Consulting services for \$1,156,889
315203	8/4/2011	\$500,000	Time and materials services which are not defined by a scope of work
320019	8/22/2012	\$0.01	Amendment to OLSA
320157	9/7/2012	\$5,980,359	Consulting services
320232	9/12/2012	\$9,000,000	Consulting services. POs note that \$35,094,504 purchase must be split across POs due to ADPICs controls.
320166	9/12/2012	\$9,000,000	Consulting services. POs note that \$35,094,504 purchase must be split across POs due to ADPICs controls.
320167	9/12/2012	\$9,000,000	Consulting services. POs note that \$35,094,504 purchase must be split across POs due to ADPICs controls.
320168	9/12/2012	\$8,094,504	Consulting services. POs note that \$35,094,504 purchase must be split across POs due to ADPICs controls.
320233	9/12/2012	\$8,000,000	Consulting services. POs note that \$16,267,408 purchase must be split across POs due to ADPICs

PO Number	Date	Value	Purpose
			controls.
320234	9/12/2012	\$8,267,408	Consulting services. POs note that \$16,267,408 purchase must be split across POs due to ADPICs controls.
321461	12/28/2012	\$232,877	On Demand services
321881	2/7/2013	\$6,310,733	On Demand services
322007	2/20/2013	\$531,918	On Demand services
323356	6/7/2013	\$305,003	On Demand services
323414	5/31/2013	\$23,265	Software
323515	5/31/2013	\$4,689	Software
323469	6/10/2013	\$552,956	On Demand services
323665	6/27/2013	\$483,576	Training
323903	7/11/2013	\$1,488,789	Software support
314398 Amend 1	8/6/2012	(\$157,515)	Adjustment to original PO amount
316258	10/7/2011	\$1,326,018	Consulting services
317000	12/1/2011	\$6,605,835	Consulting services
317001	12/1/2011	\$3,538,699	Consulting services
317002	12/1/2011	\$718,272	Consulting services
317003	12/1/2011	\$9,281,304	Consulting services
317005	12/1/2011	\$7,241,836	Consulting services
317009	12/1/2011	\$4,195,516	Consulting services
317010	12/1/2011	\$1,400,250	Training
318020	2/28/2012	\$8,768,400	On Demand services
318021	2/28/2012	\$5,858,833	On Demand services
318819	4/29/2012	\$2,154,816	Consulting services
319219	5/30/2012	\$2,004,799	Software
319538	6/27/2012	\$43,320	On Demand services
319542	6/27/2012	\$1,157,797	Maintenance support
319612	7/5/2012	\$0	Consulting services change
319613	7/5/2012	\$0	Consulting services change
319615	7/5/2012	\$0	Consulting services change
319616	7/5/2012	\$0	Consulting services change

PO Number	Date	Value	Purpose
319893	8/7/2012	\$860,488	Consulting services
320025	8/22/2012	\$0	Change to MLSA
320107	8/30/2012	\$294,646	On Demand services
321629	1/15/2013	\$122,597	Software
325736	11/25/2013	\$0	Amendment of date

4.4 Did the State or Cover Oregon consider engaging a system integrator to assist with the Website Project? If not, why not? Did the Website Project Team or any of its members believe the State or Cover Oregon had the expertise to undertake the Website Project without the assistance of a system integrator? If so, why?

Original Plans to Use a System Integrator

One of the key assumptions made by the state on the health insurance exchange initiative from its inception until mid-2011 was that a system integrator would be used to develop/configure and implement the system. This assumption is documented in multiple state planning documents, including the following examples:

- **Early Innovator Grant Request** – This document states that Oregon’s strategy will be to acquire an implementation/integration vendor to implement and integrate the Exchange.
- **Modernization IAPD, dated March 24, 2011** - This document states that DHS plans to use an external systems integrator to partner with the DHS project team to support a phased, modularized implementation approach to integrating the acquired solution. It also defines the procurement process to be used to acquire a system integrator for the project.
- **Business Case, dated May 25, 2011 and updated October 9, 2012** - The business case notes the plans to contract with a system integrator to configure and implement the system.
- **Oracle Solution Recommendation & Evaluation, dated May 27, 2011** – this document notes that a separate contract will be established with a system integrator.
- **Wakely Report** – This document noted that the state does not have the development resources with the requisite experience and noted the state’s plan to procure a system integrator. It advised Oregon to take care when selecting its system integrator to ensure the vendor has the requisite skills, capabilities and experienced/certified staff in the

platform technology. It also recommended the State structure the procurements to ensure both the selected technology platform vendor and the system integrator are vested in the success of the project.

- **Oracle Summary Briefing, file dated May 6, 2011** – This document discusses the need to define the relationships and roles/responsibilities between the State, Oracle and system integrator. It also includes a diagram showing all three parties.
- **Request for Special Procurement, dated May 23, 2011** – This document notes that the Special Procurement does not include acquisition of system integrator services and states that system integration services will be solicited via a separate procurement.
- **Information Resource Request (IRR) dated May 27, 2011** - This document requests \$48M in funding for the HIX-IT project and lists system integrator as one of the primary uses for the funds.

In accordance with this plan, the state drafted an RFP in 2011 for a system integrator and released the draft to the vendor community for review.

Decision to Not Use a System Integrator

Soon after Carolyn Lawson began employment at OHA in July 2011, she made the decision to not use a system integrator. This decision was approved by the OHA Director. First Data was told different reasons for the decision by different groups. In a February 28, 2014 interview, Carolyn Lawson said that she called potential system integrators and was told that they were not interested in bidding due to the lack of clear requirements and the limited budget (the state requested \$96M, but was only funded \$48M for the project). She said she believed the state could not afford to hire a system integrator with the budget provided. She also said that CMS suggested using a system integrator only on key areas where the state needed the most help as a potential approach to deal with the funding shortfall.

Other State staff told us the decision was made because it would make the state less reliant on vendors, it would help the state be more prepared to take over the system operations, and it would save cost. A Maximus report, which also addressed the issue, provided another reason, saying that the time required to conduct a procurement was a major driver of the decision.

The state's IAPDU dated February 15, 2012 provides additional insight into the thinking of decision makers when it notes that the shift to a COTS framework solution changed the project approach from waterfall to an agile iterative approach. It states that "the eligibility framework requires configuration rather than developed code... Much of the effort would be extended to working with the framework vendor to transfer configuration knowledge to policy analysts rather than hard coding applications." This change in project approach may have also been a factor in the decision to not use a system integrator.

As a result of this decision, the system integrator procurement was cancelled.

QA Concerns about the Decision

Maximus raised concerns about the state's decision to not use a system integrator in the HIX-IT Initial Risk Assessment Report, dated November 3, 2011. The report stated, "The original vendor procurement approach was to go through a traditional Request for Proposals process to have a single System Integration (SI) vendor be responsible for Architecture, Configuration, and System Integration. It was deemed by the project management that this approach could consume up to nine months of the twenty-seven month schedule so the decision was made to use a multivendor approach that will potentially use three (or more) vendors, one for each of the key areas." It added that the approach will "require the State to act as the Prime Contractor and assume more of the overall project risk." The report also stated, "this role also shifts more of the project execution risks to the State. This requires the state to have a more comprehensive strategy on contract management. The current contracts do not fully reflect this new approach and their deliverables are not tied to a project schedule."

Cognosante Contract

In July 2012, OHA decided to issue a contract for interface development using the existing DAS Managed Service Provider (MSP) master contract with Covendis. After a competitive procurement process, OHA selected Cognosante for that role. Although the contract was called "System Integrator Services for Internal and External Interfaces," the role was clearly not a system integrator for the HIX project. The focus was just on the development of system interfaces.

Oracle's Role

Oracle was not in the role of system integrator on this project. When interviewed for this assessment, Oracle stated that their team was working at the direction of the state and Cover Oregon. In fact, as described in Section 4.3 of this report, the terms of the Oracle purchase orders put the burden on the state for directing the vendor work and offer little accountability for Oracle's performance. The consulting statements of work often included terms that described Oracle's role as "assisting the state" and "supporting the state" in the required tasks.

Many of the Oracle consulting purchase orders also included payment terms that were based on hours worked, and not based on the completion of deliverables. This departs from best practices and put the state in the position of having to pay for work that did not always result in the anticipated deliverables or that required more hours (and higher cost) than planned. It also created an environment where there were no consequences for missing deadlines and no financial incentive for being realistic about delivery dates. This seems to have contributed to the confusion and poor communication surrounding the actual status of the system as the October 1, 2013 deadline approached.

In summary, in First Data's experience, the decision to not use an overall system integrator for the project departs from best practices. This decision created a lack of accountability on the project. It contributed to a lack of scope control, a delay in requirements definition, and unrealistic delivery expectations. A system integrator with a stronger financial incentive for ensuring performance most likely would have pushed harder in those areas and been more realistic about delivery dates.

4.5 How was the original scope of the Website Project determined and by whom? To what degree did the scope of the Website Project delay the implementation? How was the scope managed? After the Website Project Team or any of its members realized that the Website was not going to work, would it have been possible to change the scope? If so, how?

Original Scope Definition

The scope of the Website Project was initially defined in Oregon's Early Innovator Grant request, which was submitted by the Oregon Health Authority in late 2010 and awarded in February 2011. The grant application defined the State's plans to create a solution that would seamlessly integrate the commercial health insurance marketplace with Medicaid eligibility and provide one-stop shopping for individuals and small businesses. It also described Oregon's plans to use the same framework for eligibility automation for Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF) and Employment Related Day Care clients (ERDC) as part of the DHS Modernization project. The State's ambitious goal was to create a seamless environment for clients and consumers.

Once the grant was awarded, a number of project documents were generated in 2011 and 2012 that were intended to define in more detail the scope of the Exchange, but none of the documents written by OHA or Cover Oregon (HIX Corporation) appear to have been adopted as a universally agreed upon scope definition. Scope related documents identified during our review include the following:

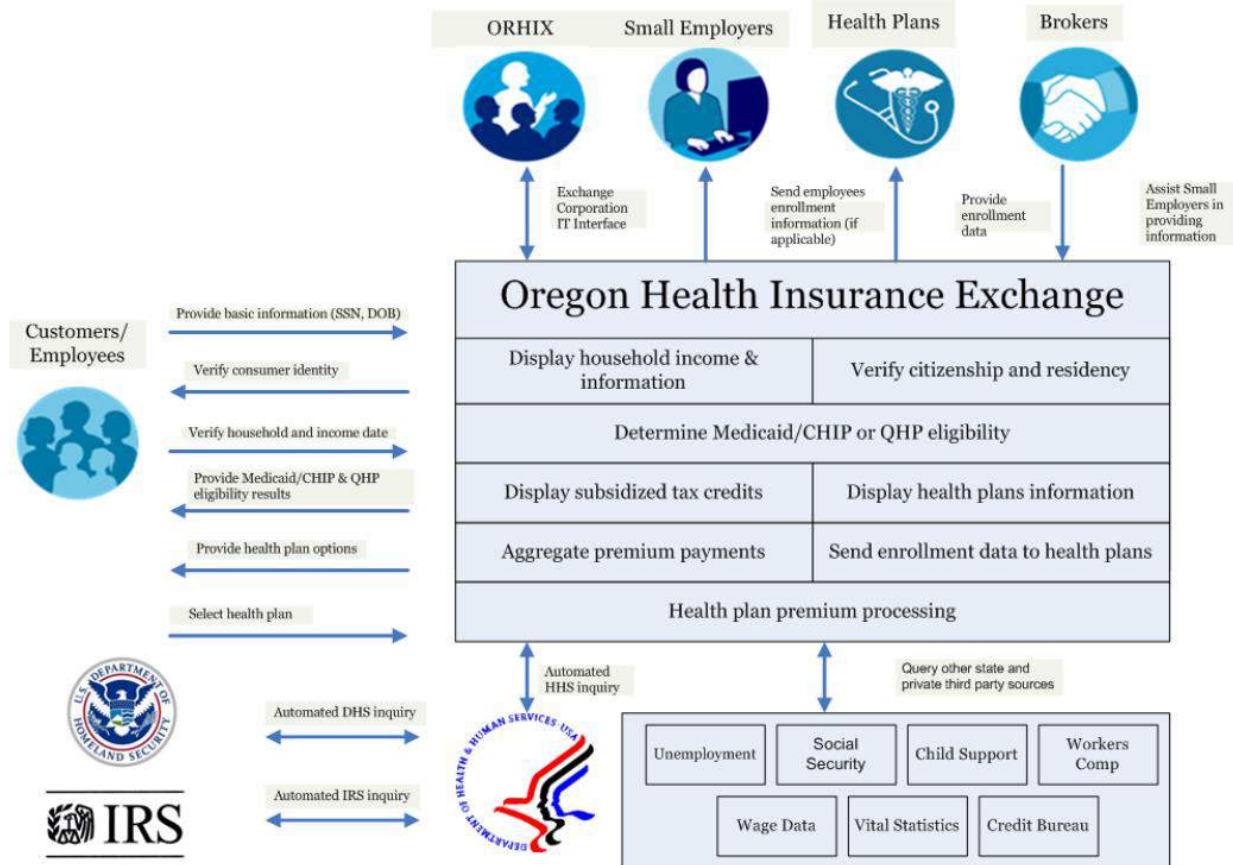
- Early Innovator Grant (Awarded February, 2011 by CCIIO)
- HIX-IT Project Charter (dated November 28, 2011) approved by – HIX Corporation Approving Authority, OHA Approving Authority, DHS Approving Authority, DHS / OHA Chief Information Officer, and Oregon Dept. of Consumer & Business Services Approving Authority
- HIX-IT Requirements Document (dated November 21, 2011) approved by – HIX Corporation Approving Authority, OHA Approving Authority, DHS Approving Authority, DHS / OHA Chief Information Officer, and Oregon Dept. of Consumer & Business Services Approving Authority
- HIX-IT Project Business Requirements Document (dated April 6, 2012) approved by – HIX Corporation Approving Authority, OHA Approving Authority, DHS Approving Authority, and DHS / OHA Chief Information Officer
- Oregon Health Insurance Exchange Corporation Charter document (no date attributed, but the filename indicates July 6, 2012)

The initial project definitions in these documents included substantial differences in the high-

level scope descriptions. For example:

- The **Oregon Health Insurance Exchange Corporation Charter** describes the scope of the Exchange, including its organization and business processes, as well as describing the project as “organized to align with the Medicaid and Exchange (MAX) project.” The charter also includes a clear purpose to exclude any areas of the “OHA System Modernization that aren’t needed to facilitate the function of the Exchange.”
- The **HIX-IT Project Charter** defines the project’s scope to “implement a single integrated solution that conducts all eligibility determinations for the Exchange, Medicaid, and CHIP, including those Medicaid determination s based on factor other than MAGI” The charter also indicates that the HIX-IT project “will not implement the ‘Benefits Exchange’ (e.g., self-service for SNAP, TANF, ERDC...)”.
- However, through other sources including the **MAX Business Case** (May 25, 2011) and multiple interviews, the initial scope of the HIX-IT project was merged with the DHS Modernization effort to form the integrated MaX Program team led by an integrated Project Director reporting directly to the OHA CIO.

Both project charters described the Exchange project scope in a similar fashion as illustrated by the context diagram included below from the HIX-IT Project Charter.



HIX-IT Project Charter Diagram

Scope Scale and Complexity

Managing any project with such a significant scale of functionality and organizational complexity requires clear definition and significant management discipline. The significant breadth of functional scope defined within the MaX project was clearly at a size and scale that challenged the project team's management capabilities. Further complicating the complex organizational environment, the multiple teams were also physically separated. The OHA technical team, OHA business team, Oracle, and Cover Oregon teams were all located in separate physical locations within Salem or Portland.

Illustrating the difficulties, the HIX-IT requirements approach was described in a presentation by Tim Layton on March 8th, 2012, to initiate a "60-day Business Requirements" effort to finalize the scope. The HIX-IT and HIX-Corporation project teams had been working through preliminary requirements initiatives since October 2011. The two groups were meeting to establish an approach for capturing the scope of the system through the sequential development of the following project artifacts:

- Business Requirements Document (BRD), which included Federal and State regulations
- Functional requirements
- Use cases, which included functional requirements, process flows, user interface mock-ups, and additional supporting material

The BRD is defined as the responsibility of the HIX Corporation project team members, while the functional requirements and use cases were the responsibility of the HIX-IT project team members (in collaboration with the HIX Corp business team). The approach started with an initial 60-day effort to define the Business Requirements Document. HIX Corporation leadership's intent on driving the HIX-IT business requirements is confirmed through the minutes for the May 15, 2012 Joint Committee on Legislative Audits and Information Management and Technology meeting when asked "Who owns the HIX program (the HIX Corporation or OHA/DHS)?" the HIX Corporation leadership responded with "The Corporation owns the HIX program."

According to interviews, Cover Oregon also contracted with a consulting firm, Point B, to assist with "driving the business development" in December 2011. The Point B vendor team was later expanded to address status reporting and a master project plan in response to concerns expressed by LFO and DAS oversight.

Providing perspective to the activities, the newly acquired QA vendor, Maximus, conducted an analysis of the current state of the project and the planned requirements approach. The findings were summarized in the Quality Assurance Report, HIX-IT Requirements Approach DRAFT dated March 9, 2012. This analysis included an encouraging assessment of the project's "energy and motivation" to address the issue of requirements definition. The QA report also identified four key high-level findings:

- No set of approved business requirements with sufficient detail are available

- Previous requirements efforts were not adequate, and HIX-Corp and HIX-IT have agreed to a new 60 day process, which has the likelihood of extending longer than 60 days
- Engagement problems between HIX-IT and HIX- Corp are producing increasing risk to the project
- There is currently a lack of clearly defined roles, responsibilities and governance over the requirements process

Additionally, the Maximus report indicated that “there was no mention at the time of how Medicaid requirements will be included.” Medicaid requirements would have been provided by OHA staff.

Research also indicates that the HP ALM Tool was used to capture and integrate functional requirements, use cases, and test cases. An interview indicated there was very limited internal team support for the HP ALM tool. Tools such as HP ALM, Rational RequisitePro, and other requirements tracking tools often require significant tool support and training when a project or agency is first implementing the tool. Although there is limited information whether this was a significant issue, it likely created day-to-day tool-based obstacles.

Scope Management Planning

In addition to the struggles to establish a universally agreed upon scope definition, managing the scope management process was regularly cited as an issue. As with the initial scope definition, there appears to have been numerous parallel efforts by the OHA and Cover Oregon (HIX Corporation) project teams to establish a Change Management/Scope Management Plan. Related documents uncovered during this review include the following:

- ***MAX Project Change Management Plan*** (dated April 6, 2012) developed initially by KPMG and referencing approval by the following leadership – MAX Approving Authority, CMS Approving Authority, Oregon Health Authority Approving Authority, Oregon Department of Human Services Approving Authority, and DHS / OHA Chief Information Officer (no HIX Corporation or Cover Oregon)
- ***MAX Project Change Management Plan*** (dated May 11, 2012) developed initially by OIS Plans & Controls and referencing approval by the following leadership – MAX Approving Authority and Oregon Health Authority Approving Authority (no HIX Corporation or Cover Oregon)
- ***MAX Project Scope Management Plan*** (dated August 2, 2012) developed initially by OIS and referencing approval by the following leadership – MAX Approving Authority, CMS Approving Authority, Oregon Health Authority Approving Authority, Oregon Department of Human Services Approving Authority, and DHS / OHA Chief Information Officer (no HIX Corporation or Cover Oregon)
- ***Oregon Health Insurance Exchange Corporation Scope Management Plan*** (no date attributed, but the filename indicates July 25, 2012) referencing approval by the

following leadership – HIX Corporation Executive Director, HIX Corporation Chief Operating Officer, and HIX Corporation Chief Information Officer

Change management plans and scope management plans should describe the governance, templates, processes, procedures, roles/responsibilities, and approval methods of managing the change process, including a description of the tools, repositories, and templates that will be used to articulate the scope of the project. The MaX Project Scope Management Plan and the Oregon HIX Corporation Scope Management Plans are the most comprehensive of the plans, but neither plan acknowledges the participation of the other organization or the other scope management plan documents. None of the plans acknowledge or define the initial baseline scope of either the HIX-IT or HIX Corp project efforts specifically. According to one interview, the “change management processes changed a lot.”

The effective management of project scope was an early and consistent area of risk highlighted by Maximus in the HIX-IT QA Reports as quoted below:

- May 16, 2012 – “The Project Change Control process is not yet adequately defined or operating. It is planned that Change Control will begin at the end of Iteration #11 (June 2012)”
- August 15, 2012 – “The Project Technical Change Control process is not yet adequately defined or operating. Although it was reported last quarter that the Change Control will begin at the end of Iteration #11 (June 2012). It did not and is still not operating in an official process.”
- November 15, 2012 – “areas with a high degree of scope definition are not base-lined and under scope management. An adequate scope management plan does not exist and the process is not in place.”

By January 2013, the project appears to be operating with one Change/Scope Management approach using the HIX Corp (called Cover Oregon at that time) Scope Management Plan. It is important to note that at this point the project was in the process of handing off control to the Cover Oregon organization. The Cover Oregon Scope Management Plan managed 120 Change Requests from January 2013 through September 2013.

Significant Scope Management/Planning Factors

Throughout the duration of the project, there were a number significant contributing factors to the complexity of the project scope, including 1) the merging of the HIX-IT and DHS Modernization projects in to the MaX project structure, 2) the Deloitte user interface effort, and 3) Delayed CCIIO exchange requirement definition. These are briefly described below.

- **MaX Project** - The vision of an integrated, seamless user experience for the Exchange was established with the submission of the Early Innovator Grant. The MaX Business Case states, “to facilitate the technical implementation of the seamless user experience, DHS and OHA made a strategic decision to align and integrate the DHS EA and the OHA

HIX-IT projects. Both projects are implementing their shared technical solution within the same solution framework.”

However, a common theme we heard in the interviews was that staff associated with each project (HIX-IT and Modernization) described the other project as negatively affecting its progress. Constraints within DHS and OHA related to staffing, detailed requirements development, and infrastructure integration were all contributing factors to this conflict. When asked in an interview if scope reductions were considered as a solution to this problem, DHS leadership stated that DHS “didn’t see how scope could be reduced”. Organizational momentum within DHS and OHA to stay with the original concept of an integrated eligibility method across health care and cash assistance programs appears to have contributed to resource conflicts through 2012 and 2013.

One specific example of this was the first phase of the DHS/Modernization effort, called the “Initial Win” project. The Initial Win project timeline was cited as an issue to the HIX-IT project because it had established an implementation date in advance of the Exchange deadline of October 1, 2013. The Initial Win timeline established a target delivery deadline of April 2013, but project delays moved the delivery date to August 2013. Eventually the Initial Win project was stopped in August 2013 due to significant delays and concerns related to the Cover Oregon October launch.

- **Deloitte User Interface Effort** - The development of use cases and detailed requirements for the user interface screens required an integrated team that involved Cover Oregon, OHA, and DHS business partners (especially for eligibility and enrollment functions). Complications associated with modernizing the eligibility and enrollment processes for Medicaid, TANF, and SNAP, combined with the on-line, streamlined eligibility and enrollment goals of the Exchange effort proved to be more time consuming than originally planned. According to the HIX-IT Monthly Status Reports and interviews, the use case development effort was scheduled to begin in May 2012 and completed in early September 2012; however, in the summer of 2012, Cover Oregon contracted with a separate vendor (Deloitte Digital) to assist with user interface development and elaboration. This effort included user interface wireframe development, usability testing and subsequent use case updates. The effort started in August 2012 and completed in March 2013. The described purpose of the Deloitte Digital effort by Cover Oregon leadership was to develop “more robust requirements”. In an interview a member of the HIX-IT business team reflects that this effort “created so many new requirements”.

The result of the Deloitte user interface effort is that use cases were not fully completed until March 2013, when the original plan called for them to be complete by September 2012. An interviewee indicated that “as much as 80% of the system’s user interface was affected by the final release in March, 2013.” Project planning prior to this effort did not anticipate such a significant level of impact on the design and subsequently on the project schedule.

- **CCIIIO Exchange definition** – Several project status reports mention delays in the definition of business requirements due to uncertainty in guidance from CCIIIO. These delays clearly impacted short-term planning efforts throughout the project lifecycle and likely impacted eventual activity completion dates. However, many other states had to deal with the same complications and were able to successfully implement despite the complication.

Scope Management Issues/Concerns

Throughout the duration of the project there were multiple organizations that highlighted issues concerning the management of the project scope, project progress, and organizational interaction including the multiple project teams, Legislative Oversight, DAS Oversight, LFO Oversight, and Maximus. The following illustrates a number of communicated concerns either through formal regular governance methods or independent communications.

- **Exchange Project Teams** - The Cover Oregon project team maintained a Risk, Issues, and Decisions log to document and track project risks, issues and decisions. Identified below are a number of scope related statements captured in the log by the project teams:
 - ✓ “Without a clearly defined and agreed scope inventory, project scope will not be sufficiently controlled to complete agreed project goals on time” (October 22, 2012)
 - ✓ “There is no current change management process to support UI design and develop. The lack of a change management process is causing a backlog of request for modifications to the UI work.” (December 17, 2012)
 - ✓ “HIX-IT, Shared Services and CO schedules do not currently show the full impact of Use Case rework/availability, interface design change/delays and other factors on UI, interface and system application design and development, all of which can impact downstream activities and the projected date for Exchange go-live. “(January 9, 2013)

Organizational conflict between OHA and Cover Oregon, especially at the leadership level, was highlighted often. An e-mail exchange between Rocky King and Carolyn Lawson from June 12 - 13, 2012, clearly illustrates that the two leaders were not effectively leading the two teams collaboratively. Statements in the e-mails characterized the interactions as “lobbing rocks over the fence in a defensive, accusatory and inaccurate way” and “This is not good communication and certainly continues to create an environment based on distrust and misinformation.” In the interview with Rocky King, he stated, “The relationship did not develop between OHA and Cover Oregon – no transparency”.

- **Legislative Oversight** - The following highlights a number of key identified interactions related to scope through one or more members of the legislature:

- ✓ May 2012 – Joint Committee on Legislative Audits & Information Management and Technology meeting. Committee Question - “What happens if you can’t get the entire healthcare exchange up and running by the federal deadlines? What is your fallback?” HIX Corporation Response – “The corporation will determine our complete scope by mid-summer and will work closely with our Federal partners to determine which portions of the Exchange will need to be delivered to meet minimally acceptable functionality. The Federal guidelines for this minimal functionality will be delivered to Oregon by the end of the week of May 21st.”
- ✓ September 2012 – Representative Richardson (Ways and Means Co-chair) communication (September 17-25) with Rocky King, Governor Kitzhaber, Bruce Goldberg, Michael Jordan, and the Legislative Fiscal Office team indicates an awareness of the project risk status and the material presented in the August 2012 Maximus HIX-IT project QA report. (from interview with Representative Richardson and supporting documentation)
- ✓ December 2012 – Former Representative Sheehan (Legislative Audits Committee) December 7th correspondence with Governor Kitzhaber raising concerns with the management of the HIX-IT project and its spending of government funds. (from interview with Senator Richardson and supporting documentation)
- **DAS Oversight** - As discussed in Section 4.1 of this report, DAS has oversight responsibilities for key information technology projects, including a direct relationship with the project Quality Assurance vendor. Additionally, DAS has a quarterly update process for the key IT projects. The following excerpts are taken from a number of those quarterly project reports.
 - ✓ February 2012 – High-level scope has been documented and approved as part of the Project Charter. However, requirements to support that scope remain inadequate. Further refine and prioritize the requirements of the project, including input from key stakeholders. We expect that frank discussions will take place among the Business and Technical personnel to prioritize scope. The results of these discussions will be evident in the requirements documents and we would expect to see requirements prioritized in the next QA review.
 - ✓ May 2012 – Although the requirements set is not yet completely defined nor prioritized, the high level scope of the work effort is known and the current mandated schedule is extremely aggressive. There is high risk that not all requirements will be met in the current schedule without the application of additional resources. However, second stage effort may be required and business contingency planning should commence once business requirements prioritized. It has been announced that the “As-Is” Medicaid functionality previously included in the scope of HIX-IT will be moved to the new CCO project therefore reducing the scope of HIX-IT. The implications of this move currently do not appear to be problem for HIX-IT but some dependencies or other issues could emerge. On-going coordination of these efforts will be necessary. However this decision

appears to reduce scope to the HIX-IT Project. We expect discussions will take place among the Business and Technical personnel to prioritize scope and develop contingency planning. The results of these discussions will be evident in the requirements documents and schedule.

- ✓ August 2012 – Although the requirements set is not yet completely defined nor prioritized, the high level scope of the work effort is known and the current mandated schedule is extremely aggressive. There is high risk that not all requirements will be met in the current schedule even with adding additional resources. The Corporation is actively working on Scope prioritization with HIX-IT. These efforts are expected to produce a scope deferment for phase 1 of the system release. This scope deferment is expected to reduce the initial scope of the first release, giving the project more time to focus on developing core functionality of the system. This item is expected to be Red even with a Scope reduction due to the lack of planning with respect to Shared Services. If these key functions cannot be "stood up" and staffed with skilled resources additional deferment of Scope may need to take place in the upcoming quarter.
- **Legislative Fiscal Office (LFO) Oversight** - As discussed in Section 4.1 of this report, the LFO has oversight responsibilities for key IT projects. In May 2012, Bob Cummings from the LFO sent the following communication to Rocky King (HIX Corporation Executive Director). "I strongly recommend that you...focus on the concerns identified by the LFO, rather than charging off on multiple iterations before there is a clear picture of what you're going to build, how it is going to operate, and what are the interrelationships between each line of business, each work package, each use case, the requirements, each iteration, and the products from Oracle that are going to be utilized to meet each business functional need."
- **Quality Assurance** - The Maximus Quality Assurance reports for both the HIX-IT and Cover Oregon efforts indicated significant risk ("Red") continuously from project inception (Initial Risk Reports) through the 2013 planned implementation dates. The following excerpts are taken from a number of those Quarterly project reports.
 - ✓ May 2012 - Although the requirements set is not yet completely defined nor prioritized the high level scope of the work effort is known and the current mandated schedule is extremely aggressive. There is high risk that not all requirements will be met in the current schedule without the application of additional resources but we do not have sufficient information regarding project velocity to accurately predict this occurrence. However, second stage effort may be required and business contingency planning should commence once business requirements are defined.
 - ✓ August 2012 - Definition of detailed scope is currently underway in an effort referred to as the "August Rush". The HIX-IT teams in cooperation with the Corporation are working to complete "Use Case Packages" for all identified scope by the end of August. This information will allow for Oracle to determine based

more accurate Levels of Effort (LOE), if current milestones can be achieved. This effort is reported to be somewhat delayed at this time and in our opinion, is high risk to complete in the stated time frame.

- ✓ November 2012 - Complete all use case documentation, including comprehensive work flows and functionality required for operation of the exchange. Flows need to consider all relevant scenarios to implement the states “no wrong door” vision. It is our understanding that all project scope needs to be defined by 12/31/12, allowing build plans to be solidified. It is not clear if this deadline will be met.
- ✓ February 2013 - Project Executives should consider a multi-pronged approach to dealing with the gap identified. For example, OHA Project Executives should work with CO Executives to consider further scope deferment, increases in technical capacity and schedule extension to deliver the project with adequate scope on a schedule acceptable to major stakeholders. A realistic project schedule must be established.
- ✓ May 2013 - Final Target Scope must be fully locked ASAP. Cover Oregon must ensure that all functional and non-functional scope elements are properly considered. Project Executives should consider a multi-pronged approach to dealing with the gap identified. For example OHA Project Executives should work with CO Executives to consider further scope deferment, increases in technical capacity and schedule extension to deliver the project with adequate scope and quality on schedule acceptable to major stakeholders.

Scope Management Mitigation

It is important to note that the OHA and Cover Oregon project teams did identify and implement a number of key scope mitigating initiatives. The project teams collaborated on two significant efforts – the “Bubble Chart” initiative and use case “Freeze” mitigation.

According to interviews, in August 2012 the “Bubble Chart” initiative was conducted to manage scope by prioritizing the use cases. During the “August Rush” design effort the Cover Oregon leadership team, including a member of the HIX-IT project leadership team, developed a method to prioritize the use cases so that the low priority functionality could be delayed with reduced impact on the public. The two focus points of the analysis were “schedule relief” and “business value”. The effort identified functionality with “high” business value and “low” schedule relief as the top priority, while functionality with “low” business value and “high” schedule relief were the lowest priority.

In the summer of 2013, the Cover Oregon and Oracle development teams managed and tracked the progress of the development effort with a tool called the “Development Dashboard”. This tool illustrated the progress of each use case including a status of “freeze”. The Cover Oregon team designated use cases that were no longer part of the October 2013 production release plan with the “Freeze” status. Multiple use cases were identified by Cover Oregon leadership for delayed release. As of July 19, 2013, 34 use cases were in “freeze” status

In addition to these mitigation steps, DHS and OHA eventually decided to decouple the Modernization efforts from the health insurance exchange.

Because Cover Oregon did not understand or acknowledge the significance of the website issues until just prior to the October 1, 2013 deadline, there are no scope adjustments that could have been addressed effectively. Details on the timeline leading up to October 1, 2013 are provided in Section 4.7 of this report.

4.6 Did the Website Project Team or any of its members have a plan B for operations developed when the Website Project Team or any of its members realized or began to realize the exchange was not going to work? If not, why not?

Contingency planning was a core requirement of the Centers for Medicare & Medicaid Services (CMS), which is the federal oversight agency for health insurance exchanges. The CMS Catalog of Minimum Acceptable Risk Controls for Exchanges – Exchange Reference Architecture Supplement 64 Version 1.0 (August 1, 2012) defines the minimum criteria as follows:

- Develop a Contingency Plan for the information system that:
 - ✓ Identifies essential Exchange missions and business functions and associated contingency requirements
 - ✓ Provides recovery objectives, restoration priorities, and metrics
 - ✓ Addresses contingency roles, responsibilities, assigned individuals with contact information
 - ✓ Addresses maintaining essential missions and business functions despite an information system disruption, compromise, or failure
 - ✓ Addresses eventual, full information system restoration without deterioration of the security measures originally planned and implemented
 - ✓ Is reviewed and approved by designated officials within the organization

Planning and Developing the Contingency Plan

In compliance with this requirement, contingency planning was initiated by Cover Oregon as early as 2012. For example, in the Cover Oregon Business Operations Plan Outline created in late 2012, the possibility of not completing the system development in time for open enrollment on October 1 was identified as a potential risk. It noted the need to identify scope items that could be performed manually or not automated, and to identify business functions that could be automated in the future.

Cover Oregon established a contingency planning team, but as contingency plans were developed in 2013, the focus seemed to shift to planning for system outages rather than for the possibility of the system not being complete by October 1. The primary exception to this was

the Medicaid interface. Cover Oregon established formal trigger points for that interface and a work-around involving manual enrollments was eventually established.

As required, Cover Oregon produced a Contingency Plan that was submitted to CMS, however, its focus was on system outages. The Max Contingency Plan was published on April 1, 2013. As the plan states, "This Modernization and Health Insurance Exchange Oracle On Demand (MaX-OD) Contingency Plan establishes procedures to recover the MaX-OD following a disruption."

In May 2013, in preparation for the Federal Final Detailed Design Review, Cover Oregon established a contingency planning team (called the Triage Team) led by Tom Jovick. According to interviews, the small group formed to conduct contingency planning contained staff from Cover Oregon only, and it did not include OHA or DHS. The interviews also indicated that state staff did attend workshops hosted by Cover Oregon, during which requirements were discussed. According to the state staff, they did raise questions to the Cover Oregon team and were told that no Plan B would be required. The state staff were subsequently disinvited to the workshops. OHA did undertake planning efforts to enable use of a paper supplemental application as defined in the Affordable Care Act regulations. OHA conducted planning separately from the Cover Oregon Website Project. Consequently, OHA was able to obtain the appropriate program waivers to allow for the fast track process, which enabled Medicaid enrollment.

Contingency Plan – Federal Review

In the Final Detailed Design Review, dated May 30, 2013, Cover Oregon discussed a business contingency plan that was focused on system outages. The design review document defined the plans that would address the activities, resources, and procedures needed to carry out system functions during prolonged interruptions to normal operations.

Subsequently, on June 14, 2013, CMS provided a letter following the Final Detailed Design Review with comments to Cover Oregon, noting the need to improve the contingency plans. It acknowledged that Oregon had provided a preliminary version of the Contingency Plan, but stated the following critical comments:

- "Oregon has provided a preliminary version of the Contingency/Recovery Plan which is more of the template. This document should be updated with more detail before the scheduled PORC."
- "Cover Oregon has identified potential risks and has listed contingency plans, progress notes, target resolution dates, and executive owner for each in their risk register. However, additional detail surrounding the state's business contingency plans and triggers were not listed in the FDDR document and would be helpful."
- "Triggers and dates should be added for the high probability high impact risks. There is a lot of information on the mitigations, but contingencies are not identified. OR needs to start providing more details in their contingency plans for the risks."

Contingency Plan Communication

Throughout the months leading up to the planned October 1 launch date, the Cover Oregon management team met and communicated their Contingency Plan progress with oversight stakeholders. For example, in the August 2013 Cover Oregon Board Meeting, Mr. Jovick presented the board with a list of potential contingency plans and discussed the triage team's preparation for the launch. The contingency plans were described as "manual workarounds for technical problems anticipated for the week the exchange opens."

Separately, in a Cover Oregon presentation to a joint meeting of the House and Senate Health Care Committees, dated September 16, 2013, Cover Oregon addressed contingency plans. It described the situation room and triage team that would be used to manage contingencies. Cover Oregon said they had identified 50 priority one contingency plan scenarios and would include 24/7 problem resolution.

There is no evidence that Cover Oregon shared the comments or concerns expressed by CMS during the June 2013 to September 2013 timeframe.

Contingency Plan – QA (Maximus) Review

As indicated earlier, the Maximus Cover Oregon monthly reports included risks and recommendations associated with contingency planning beginning in August 2012. The Maximus August 2013 and September 2013 Monthly QA Reports summarized the contingency planning status with the following statements:

- "Cover Oregon has executed a number of contingency plans in preparation for system components known to be at risk for launch. Cover Oregon has implemented a contingency process through which OHA will process Medicaid enrollments. If needed this process can be done manually. As manual enrollment was current OHA practice, doing this for new enrollments would be consistent with the process for which relevant OHA staff was already trained and capable of doing."
- "It described the Cover Oregon launch plans focusing on Agents and Community Partners using a combination of the Deloitte website and the Oracle system. This site was to enable public users, Agents and Community Partners to enter in their information to determine tax credits, browse plans and review plan information and costs. This information would then be used to fill out paper applications via a PDF form."
- "The Oracle system was to be released to only Agents and Community Partners and would be limited to login and ID proof only. Additional functionality would be released in subsequent days and weeks. The Oracle system would be released with known defects and manual workarounds."
- "It also noted that without clear understanding, communication and alignment of the deadlines and contingency plans for the Oct 2013 release between the business units (Cover Oregon, OHA) procedures for application processing may be incomplete or out of synch."

- “It also noted that keeping the Oct 1st feature release open until the last minute will cause instability in the release and the triggering of contingency plans too late in the process. This could cause operations to be unprepared for launch.”

In summary, the project did not have a holistic plan B to address contingencies if the website was not going to be available. Through several interviews, we learned the website project team members did not consider that the website would not be operational. Instead, contingency planning was conducted to address an occasional system outage of a day or two. The contingency considered was use of a paper application. We heard in multiple interviews that staff thought, "the rollout would be bumpy", but they had no sense that the system would be unavailable for months.

4.7 When did the Website Project Team or any of its members realize or begin to realize the Website was not going to be ready? Who first realized the Website was not going to be ready?

Although there are numerous sources of documented communication regarding project status, scope issues, and concerns about system readiness, there does not appear to be a formal acceptance by the Cover Oregon leadership of issues significant enough to affect the success of the October 1 launch until August 2013. Even once the acceptance of those issues began in August, the delay in the system rollout was expected to be minimal. It was not until late October or November 2013 that the full extent of the delay was realized.

When analyzing the rollout of the exchange, it is important to note that the website was ultimately divided into at least 3 core functions for public use. The three core website functions discussed in the project documentation and interviews are:

- Individual Portal
- Agent/Community Partner Portal
- Small Business Health Options Program (SHOP)

During the timeframe beginning in August 2013, adjustments to the launch strategy were made by Cover Oregon following a progressive sequence of limiting the functions that would go live. This progression reflects a gradual acceptance of the significance of the issues facing the system:

- August 2013 - User audience limited to agents and community partners
- Late September 2013 - SHOP release put on hold
- Late September 2013 - Initial rollout limited to the first 5-6 pages of the application
- November 2013 - No individual portal launch

Through the interview process, a number of reasons were identified that seem to have delayed Cover Oregon’s critical evaluation of the project progress and contributed to the continued

optimism about the eventual launch of the Exchange. These reasons include delays in the development schedule, delays in the User Acceptance Test (UAT) schedule, and the ongoing confidence of the Oracle leadership team. These reasons are briefly described below.

Development Delays

The development effort was designed to follow an agile development philosophy, accomplished through multiple development cycles referred to as “iterations.” The final iteration was originally defined as Iteration 17, which was scheduled for completion in April 2013. This was supposed to be the final development effort before the Exchange software would be turned over for User Acceptance Testing. However, as the completion of the design was delayed, the project team defined additional iterations named Iterations 17a, 17b, and 17c. As a result, the team continued to maintain hope that the additional iterations would fix the problems and provide the functionality needed by the system. Unfortunately, Iteration 17c was not scheduled for completion until August 2013, therefore delaying the realization of the significance of the problems.

User Acceptance Test (UAT) delays

The net effect of the development delays were realized in the User Acceptance Test program, which was originally scheduled to start in April 2013, but was delayed until mid-late June. The UAT program was originally scheduled to be completed by early September, but the delayed start, coupled with ongoing development delays, resulted in incomplete testing by the October 1 rollout date. The postponed testing contributed to the unrealistic optimism about the system. An internal UAT team member concern/issue with the testing delay was raised to the Cover Oregon CIO through internal Cover Oregon status meetings.

Oracle Leadership confidence

There was general consensus from the interviews conducted with Cover Oregon leadership that Oracle staff regularly told them the system was almost ready, asserting that the next release would work, despite a history of problems and missed delivery dates. Rocky King stated, “the Oracle leadership told me they’d be ready, and I trusted them.” Rocky King also acknowledged, “I let the dream affect my judgment.”

Early Project Progress Indications

There were multiple indications of project problems early in the system lifecycle that could affect the ability to launch the system by October 1, 2013. Some of these indicators are briefly discussed below.

- **Scope Concerns** – Some of the initial concerns that were raised focused on the scope of the project. These concerns focused on the fact that there were multiple initiatives competing for resources and that the scope of the project as defined in the Early Innovator grant submissions may be overly ambitious. As a result, several efforts were initiated in 2012 to confirm and finalize the scope. Some examples of scope management activities that occurred in that timeframe include the following:
 - ✓ 60-day business requirements (March/April 2012)

- ✓ Use case development/"August Rush" (May – September 2012)
- ✓ Deloitte user interface requirements effort (August 2012 – March 2013)
- **Quality Assurance Concerns** – Maximus raised numerous concerns about the project in their QA reports, beginning in 2012. In the May 2012 Maximus HIX-IT QA Report, multiple project risks are rated "RED," indicating high risk. The report identifies several concerns related to schedule, scope, and staffing including the following:
 - ✓ "There has been an attempt in recent weeks to develop a more detailed project schedule. In our opinion, the most recent version available to us is not complete or sufficiently detailed. There should be additional activity definition, dependencies are not noted and resourcing appears limited only to the owner or an activity. This does not provide sufficient information regarding necessary state resources to allow for adequate planning."
 - ✓ "As previously noted Iteration #9 did not include the content that had been planned. The project does not currently have the capacity based on performance to estimate velocity accurately."
 - ✓ "There is currently no approach on the project to develop required Earned Value Analysis (EVA) for the budget and schedule."

In the Maximus August 2012 HIX-IT Project Monthly Status Report the project status categories are all rated "RED". Concerns related to schedule, scope, and staffing included the following:

- ✓ "Scope is not fully elaborated. August Rush use case writing effort has been effective in getting us close to a refined scope."
- ✓ "Schedule is not fully elaborated. The schedule will remain in red status until we have all scope defined, estimated and scheduled."
- ✓ "Aggressive timeframes may require scope and/or budget trade off decisions."
- ✓ "Medical Scope overlap between HIX and Modernization. It is possible that the necessity to collaborate will slow project and development progress."
- **System Quality Concerns** – Another indicator of concern was an assessment conducted by Garrett Reynolds for Cover Oregon in May 2013. The assessment documented numerous concerns with the methods and quality of the HIX-IT development team's approach to configuring and customizing the Siebel software. This assessment is cited by Rocky King as providing his "first true awareness" of any development progress issues. At this same point in time, the Cover Oregon management team acknowledged to the Cover Oregon Board that the project was the most ambitious health insurance exchange effort nationally (Cover Oregon Board meeting minutes, May 2013).
- **Oracle Development Dashboards** - Another measure of project progress that was available to the Cover Oregon project team is the Oracle Development Dashboard. Interviews indicate that the dashboards began in March 2013, although the March and April dashboards were not available for this analysis. These dashboards provide insight

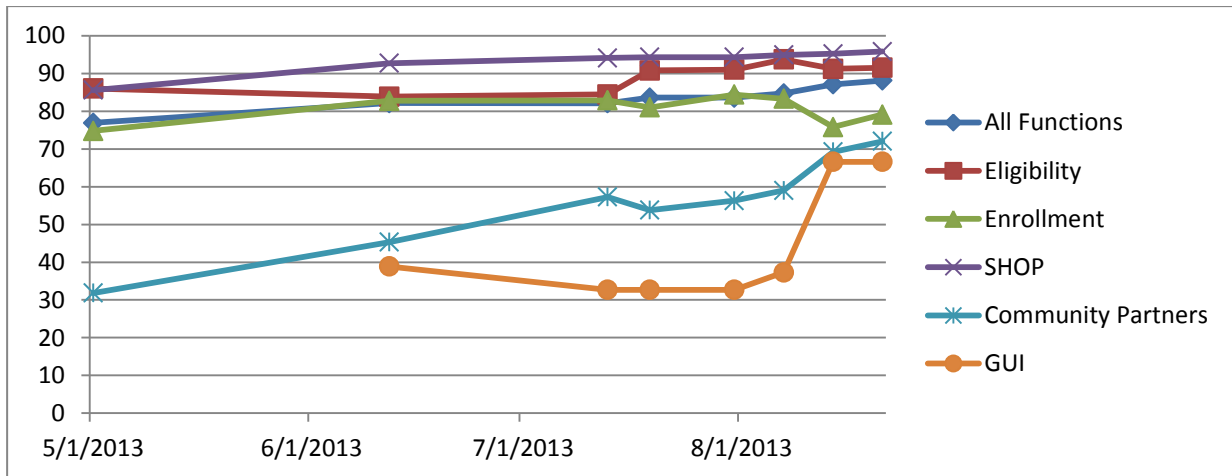
into Oracle’s ability to effectively estimate the level of effort required. The dashboard was designed to reflect an assessment of the progress against the estimated level of effort required for completion. The following table and chart reflect the percentage completion values for the total functionality set as well as a number of specific functions.

As of August 21, 2013, the Development Dashboard reported an 88.1% completion. This reflects improvement of only 11.22% from May 1, 2013.

% Dev LOE Complete	All Functions	Eligibility	Enrollment	SHOP	Community Partners	GUI
5/1/2013	76.88	85.99	74.77	85.59	31.83	N/A
6/12/2013	82.16	83.83	82.72	92.69	45.3	38.87
7/13/2013	82.1	84.45	82.87	94.08	57.26	32.67
7/19/2013	83.6	90.8	81.0	94.3	53.8	32.7
7/31/2013	83.6	91.0	84.4	94.3	56.3	32.7
8/7/2013	84.7	93.7	83.3	94.9	59.0	37.3
8/14/2013	87.1	91.2	75.8	95.2	69.2	66.6
8/21/2013	88.1	91.5	79.1	95.8	72.0	66.6

Summary of Development Dashboard

The following graph illustrates the percentage completion values for all functions as well as selected specific functions over time.



The Development Dashboards also indicate the struggles that the development team had with estimating the level of effort remaining. The following table reflects the percentage completion values for the total functionality along with the Level of Effort (LOE) completed and the total level of effort required for completion. As of May 1, 2013, the estimated remaining level of effort was 7,408 work hours. As of August 21, 2013 the team completed 7,911 work hours (6.8% more than the original total estimate required) although at that point it only represented

88.1% of the total estimated LOE. During the period from May 1 through August 21 the total LOE increased by 1575 work hours. This represents a 21% increase in estimated effort over 16 weeks.

Although Oracle was producing these Development Dashboards, the information contained in them was not widely known within Cover Oregon. When asked about them in the project interviews, the Cover Oregon project team members described their visibility into the dashboards as “almost zero.”

Date	% Dev LOE Complete All Functions	LOE Completed All Functions	LOE Required All Functions
5/1/2013	76.88	5695.82	7408.75
6/12/2013	82.16	6603.85	8038.27
7/13/2013	82.1	6971.55	8491.71
7/19/2013	83.6	7221.4	8640.2
7/31/2013	83.6	7243.6	8659.5
8/7/2013	84.7	7393.3	8729.5
8/14/2013	87.1	7826.0	8980.7
8/21/2013	88.1	7911.0	8984.1

Communication Messaging

Another major factor affecting the general awareness of the exchange website status was the formal communication coming from Cover Oregon prior to October 1, 2013. There is evidence that the messaging related to the system’s readiness in September and October had the potential to be misinterpreted. On multiple occasions, the Cover Oregon management team provided updates that acknowledged the need for a staged launch or raised concerns about its readiness, but also used confident language like “on track to launch.” For example:

- In a presentation to a Joint Meeting of the House and Senate Healthcare Committees on September 16, 2013, Rocky King outlined the staged launch plans for the Cover Oregon website. However, the presentation closed with a simple message “Bottom Line: We are on track to launch.”
- On October 1, 2013, Cover Oregon released a Press Release describing website traffic volumes and call center activity volumes. Describing the event as the “Cover Oregon launch,” the press release acknowledges “we are not fully satisfied with one part of our system: the eligibility determination....” but also indicates “later in October, people can determine their eligibility for savings on private plans or the Oregon Health Plan and Healthy Kids, and enroll in a plan – either with an agent or community partner, or on their own if they desire.”

Communication between the Cover Oregon leadership and other formal stakeholders who had oversight responsibility for the project was also often unclear about the status of the system. Some examples are provided below:

- **Cover Oregon Board** – The initial message to the Cover Oregon Board that the website may not be ready occurred in the June 2013 Board Meeting. In this meeting, Cover Oregon acknowledged that “not everything will be up and running 10/1.” However, through multiple Cover Oregon Board interviews, we learned that the consensus of the board was that they did not sufficiently focus discussions on the information technology during their meetings. The Cover Oregon Board members were provided some of the Maximus Quality Assurance reports that raised concerns about the project, but not all of the reports were provided to the board members. The board was primarily reliant upon the Cover Oregon Executive Director and executive team for any updates regarding the progress of the system.
- **Governor’s Office** – The first message from Cover Oregon to the Governor’s Office that the website may not be fully ready for use by October 1 occurred on July 31, 2013 when Rocky King provided an update that Cover Oregon “may need to do a staged launch – but project is on track.” Prior to that meeting, there were numerous updates provided to the Governor’s Office that indicated the project was on track. There were no Governor’s Office briefings between July 31 and September 3, 2013 due to Rocky King’s extended illness leave. Subsequent updates to the Governor’s Office continued to indicate the project was on track with the staged launch until September 30, 2013, when Cover Oregon notified the Governor’s Office that the website would not be up and running on October 1. Instead, Cover Oregon planned to push back the rollout for agents and community partners by one week and the rollout for the individual portal by two weeks.

It should be noted that concerns about the project were raised as early as September 2012 when Representative Richardson notified the Governor of concerns raised by Maximus in their August 2012 HIX-IT Project Monthly Status Report. The letter notes that “the Q.A. is sounding an alarm that this project is in substantial jeopardy of being Oregon’s next multi-million dollar I.T. project fiasco.” However, following that communication, the Governor’s Office was told the problems were addressed, and the project was on track as described above.

- **Legislature** – The initial message to the legislature from Cover Oregon that the website may not be fully ready for use by October 1 occurred on September 16, 2013 when Rocky King described the staged launch to a Joint Meeting of the House and Senate Healthcare Committees. However, as described above, despite the problems that led to the staged launch, the presentation closed with a simple message: “Bottom Line: We are on track to launch.” In addition, members of the Legislative Oversight Committee were provided monthly updates by Rocky King prior to October 1, but the Maximus QA reports that raised concerns about the project were not shared with the oversight committee. It is unclear why the QA reports that were regularly shared with the Legislative Fiscal Office (LFO) were not made available to the Legislative Oversight Committee members.

This section concludes with the following timeline of key events occurring between March 2013 and November 2013.

Date	Key Timeline/Milestone Points	Source/Documentation
March 2013	Deloitte user interface use case development effort complete with “up to 80% of production user interface provided in the last design release”. This moment was described as an “aha moment” regarding the project schedule status.	<ul style="list-style-type: none"> Cover Oregon Interview
April 2013	Mike Bonetto meets with Cover Oregon and the Oracle team (Kate Johnson, VP of Consulting). Discusses risk factors of the project and Ms. Johnson tells Mr. Bonetto that this project is the highest priority for Oracle at the moment.	<ul style="list-style-type: none"> Mike Bonetto Interview/ Governor’s Office Briefing notes
May 2013	<p>There is significant documentation that the initial Cover Oregon assessments are indicating the possibility of Website delays.</p> <ul style="list-style-type: none"> Status reports QA reports Board and committee meeting summaries and update reports are reflecting RED status. Committee and Board meetings are reflecting comments about critical issues and the likelihood of not going live with all required functionality. Siebel Architectural Review/Assessment released A Contingency Plan is in development in May 2013. <p>Other documents show signs of project distress prior to May 2013 as well. The HIX Development Dashboard shows development at 76.88% complete by May, when development was supposed to be 100% complete. Six weeks later, development is 82.16% complete. Testing status documents show close to 50% defects throughout testing and a large amount of test scripts unexecuted going into August/September 2013.</p> <p>During the same timeframe, however, the following reports reflect that the project will deliver on time:</p> <ul style="list-style-type: none"> HIX-IT Project_Assessment_Report_May 2013: "Final Delivery is on Schedule for 10/1 delivery. The schedule is still high risk due to remaining development and amount of testing to be completed." HIX-IT Project Update May 2013 – (State CIO Reports – HIX): Does not reflect project concern. <p>May 9, 2013 – Cover Oregon Board Meeting: Mr. King presented an overview memo of critical issues facing the Go Live launch date. He noted that Oregon has the most robust scope of any exchange. He noted that the core pillars of the portal are built (eligibility, shopping, enrollment and the user experience). The critical issues are around foundational</p>	<ul style="list-style-type: none"> May 2013 HIX-IT Project Monthly Status Report Mike Bonetto Interview/ Governor’s Office Briefing notes Cover Oregon Board Meeting minutes – 5/9/13 Siebel Application Configuration and Script Quality and Quantity Assessment – May 26, 2013

Date	Key Timeline/Milestone Points	Source/Documentation
	<p>services.</p> <p>May 12, 2013 – Bob Cummings corresponds with Rocky King (Cover Oregon Executive Director) expressing an immediate need for a detailed “130 day plan” to be prepared for launch.</p> <p>May 13, 2013 – Ying Kwong (DAS Oversight) corresponds with Aaron Karjala (Cover Oregon CIO) expressing significant project concerns regarding project management, Oracle performance, etc.</p> <p>May 26, 2013 – Garrett Reynold’s Siebel Architectural Assessment released.</p> <p>May 29, 2013 – Governor’s office Briefing meeting on IT project with Sean Kolmer, Mike Bonetto, Rocky King, Aaron Karjala, Erinn Kelley-Siel, Bruce Goldberg and Carolyn Lawson. Update – Project On Track.</p>	
June 2013	<p>In early June 2013, the User Acceptance Testing (UAT) effort starts (Original planned start date – April, 2013). The UAT effort is managed within the System Integration Test environment due to necessity.</p> <p>June 3, 2013 – Rocky King briefs Mike Bonetto and Bruce Goldberg that the interface connections with insurance carriers is behind schedule and that Medicaid eligibility and enrollment may need to be modified to only a Medicaid assessment.</p> <p>June 13, 2013 – Cover Oregon Board meeting - The first formal acknowledgement to the Cover Oregon Board that the full Website functionality will not be available on October 1, 2013. “Mr. King acknowledged that for scope and other reasons, not everything will be up and running 10/1, and noted that the second day will be better than the first.” An initial demo of the Website was presented at the Cover Oregon Board meeting.</p> <p>June 19, 2013 – Governor’s office Briefing meeting on IT project with Sean Kolmer, Mike Bonetto, Rocky King, Aaron Karjala, Erinn Kelley-Siel, Bruce Goldberg and Carolyn Lawson. Update – Project On Track.</p>	<ul style="list-style-type: none"> • Cover Oregon Interviews • Mike Bonetto Interview/ Governor’s Office Briefing notes • Cover Oregon Board Meeting minutes – 8/8/13
July 2013	<p>July 11, 2013 – Cover Oregon Board meeting - No additional specifics were provided to the Board regarding details of the Website readiness. “Mr. King presented three options to the board for the Go Live launch: ‘Play Ball’, ‘Soft Launch’, ‘Delay’. At the next board meeting the Executive Director will give a recommendation to the board on which launch schedule option is best based on operational and IT</p>	<ul style="list-style-type: none"> • Mike Bonetto Interview/ Governor’s Office Briefing notes • Cover Oregon Board Meeting minutes – 8/8/13

Date	Key Timeline/Milestone Points	Source/Documentation
	<p>readiness factors.”</p> <p>July 12, 2013 – Governor’s office Briefing meeting on IT project with Sean Kolmer, Mike Bonetto, Rocky King, Aaron Karjala, Erinn Kelley-Siel, Bruce Goldberg and Carolyn Lawson. Update – Project On Track.</p> <p>July 27, 2013 – Governor’s office Briefing meeting on IT project with Sean Kolmer, Mike Bonetto, Rocky King, Aaron Karjala, Erinn Kelley-Siel, Bruce Goldberg and Carolyn Lawson. Update – Project On Track.</p> <p>July 31, 2013 – Governor’s office Briefing meeting on IT project with Sean Kolmer, Mike Bonetto, Rocky King, Aaron Karjala, Erinn Kelley-Siel, Bruce Goldberg and Carolyn Lawson. Update – May need to do a stage launch – but project on track.</p>	
<p>August 2013</p>	<p>August 5, 2013 – HIX-IT Project Monthly Status Report – Reports a Build Status of 82% as of 7/30/13. The report continues to communicate the risk “Aggressive mandated timeframe results in schedule compression” with a mitigation of “prioritize development to build core functionality first to allow thorough testing and only deliver working system. Develop manual process workarounds for any functionality that cannot be delivered within the mandated timeframe.”</p> <p>August 8, 2013 – Cover Oregon Board meeting - Cover Oregon Board discusses and decides to limit the initial Website implementation to “Agents Only” for the 10/1 release. “Ms. delaRosa presented the board with Cover Oregon’s launch strategy of opening its doors on October 1, 2013, through community partners and agents. Those wishing to apply without using an agent or community partner will be able to do so in mid-October, or can use a paper application.”</p> <p>The Oracle management team was present at this board meeting. In which Oracle asserted their commitment to the success of the website launch. “Mr. Budner emphasized his support of Cover Oregon and told the board that Oracle will be providing the technical resources necessary to make this launch plan successful.”</p> <p>This launch strategy decision was received by the Board as a reasonable and safe method of introducing the Cover Oregon Website.</p> <p>August 8, 2013 – Oregonian article indicating the Cover Oregon Board decision to implement Agent/Community partner portal – “People will only be able to immediately</p>	<ul style="list-style-type: none"> • 2013-08-05 HIX-IT Project Monthly Status Report • Mike Bonetto Interview/ Governor’s Office Briefing notes • Oregonian Article - <i>Cover Oregon to fully launch health insurance marketplace later than expected</i> – dated 8/8/13 and updated 8/10/13 • Cover Oregon Board Meeting minutes – 8/8/13 • CMS Call Notes

Date	Key Timeline/Milestone Points	Source/Documentation
	<p>purchase health insurance on (Cover Oregon) with certified insurance agents and ‘community partners.’”</p> <p>August 30, 2013 – CMS Call Notes report that Cover Oregon (CO) reported Iteration 17b code has been migrated to their FTS environment. They plan to move Iteration 17c code (untested) to production and FTS. They will fix all severity 1 defects and fixes will go to both FTS and Production environments. They stated that they do not expect any risks with this approach because 85%-95% of code has already been tested.</p> <p>Cover Oregon reported that a separate team is building a marketing website that will be launched on 10/1. This will be the front facing website for the public which will direct consumers to navigators and brokers to provide consumer assistance as part of their launch plan for 10/1.</p>	
September 2013	<p>Decision to put SHOP on hold. Decision to scale back agent capabilities to the first 5-6 pages of the application.</p> <p>September 3, 2013 – Governor’s Office briefing meeting on IT project with Sean Kolmer, Mike Bonetto, Rocky King, Aaron Karjala, Erinn Kelley-Siel, Bruce Goldberg and Carolyn Lawson. Update – Will be a staged launch – but project on track.</p> <p>September 6, 2013 – CMS Call Notes – Cover Oregon stated that the enrollment testing is not part of go-live. Enrollment 834 external interfaces to carriers and CSM is not for Day 1. Therefore, Cover Oregon will queue enrollment determination and plans to transmit data manually.</p> <p>Cover Oregon reported that there is an issue with Medicaid interface used for Medicaid determination, send Medicaid to OHA, and process it. So OR has defined a manual process to access data. There is a high hope that OR might be ready with this interface for Day 1. Despite possible resolution of this issue, OR has decided to go-live with contingency and track issues as risk</p> <p>September 11-12, 2013 – CMS Readiness Review – Cover Oregon is OK’d to continue for October 1 launch.</p> <p>September 16, 2013 – Rocky presents to Joint Meeting of the House and Senate Health Care Committees. Rocky described the intended staged launch. Concludes presentation with “Bottom Line: We are on Track to Launch”.</p> <p>September 20, 2013 – CMS Call Notes - CMS requested from</p>	<ul style="list-style-type: none"> • Mike Bonetto Interview/ Governor’s Office Briefing notes • CMS Call Notes • Presentation materials to the Joint Meeting of the House and Senate Health Care Committees dated 9/16/13 • Cover Oregon Memo to Cover Oregon Board (cc: Governor’s Office, CCHIO State Project Officer, and the Legislative Oversight Committee members) – “Cover Oregon Launch” dated 9/24/13 • Cover Oregon Interviews

Date	Key Timeline/Milestone Points	Source/Documentation
	<p>Cover Oregon to provide bullet items for what will be there for Day 1. Cover Oregon reported that the migration to production will be tested on September 20, 2013. Cover Oregon reported that they will be migrating code with defect resolutions on September 25, 2013.</p> <p>September 20, 2013 – Sean Kolmer and Mike Bonetto communicate to Governor Kitzhaber the status of the Cover Oregon project and the staged launch approach.</p> <p>September 24, 2013 – Cover Oregon/Rocky King releases a memo to the Cover Oregon Board members, Governor’s Office (Mike Bonetto, Sean Kolmer), and the Legislative Oversight Committee (Sen. Laurie Monnes-Anderson, Sen. Brian Boquist, Rep. Mitch Greenlick, Rep. Jim Thompson) describing the intended “Cover Oregon Launch” schedule. Key elements include –</p> <p>10/1 – Agent and Community partners are available to support application and enrollment.</p> <p>“Later in October” – Customers will be able to shop, compare plans and enroll on their own.</p> <p>“Later in October” – Small businesses can begin enrolling using an agent or community partner.</p> <p>September 27, 2013 – CMS Call Notes - Cover Oregon reported that they are in the process of making a decision on what functionalities will be available on Day 1. In other words, how far will they proceed through their application: account creation only; eligibility determination; or plan selection, and enrollment? CMS requested that a touch point be scheduled on this Sunday (September 29, 2013). <u>Action Item:</u> CMS (Yolande) to set up a touch point with Cover Oregon on Sunday (September 29, 2013).</p> <p>Cover Oregon reported that their production environment is up. They will promote the final code to production on 09/28/13 and perform smoke testing throughout the weekend.</p> <p>Cover Oregon reported that the carrier verification module has been unstable in the production environment. They believe that the problem has been resolved. As of Friday, carriers have been on the system and actively verifying plans and will continue to verify plans throughout the weekend. Cover Oregon reported that they have workarounds for plan verification.</p> <p>Cover Oregon reported that a paper process is always available to carriers if they are unable to complete their plan verification on line.</p>	

Date	Key Timeline/Milestone Points	Source/Documentation
	<p>Cover Oregon stated that they are confident that community partners and agents can come in to start application on Day 1. However, CO might not turn on the eligibility determination because they have some outstanding defects in that area which have not been resolved</p> <p>September 28, 2013 – Cover Oregon conducts an internal Website end-to-end test with Oracle Leadership that fails. Rocky declared at the meeting that “he was pulling the plug” on the Website.</p> <p>September 30, 2013 – Cover Oregon informs to Mike Bonetto that the website will not be up and running on 10/1 – but will be pushed back 1 week for agents and community partners and 2 weeks for public customers. Mike Bonetto informs Governor Kitzhaber.</p>	
<p>October 2013</p>	<p>October 1, 2013 – Cover Oregon releases a Press Release describing website traffic volumes and call center activity volumes. Describing the event as the “Cover Oregon launch” the press release acknowledges “we are not fully satisfied with the one part of our system: the eligibility determination....” but also indicates “later in October, people can determine their eligibility for savings on private plans or the Oregon Health Plan and Healthy Kids, and enroll in a plan – either with an agent or community partner, or on their own if they desire”.</p> <p>October 10, 2013 – Cover Oregon informs Mike Bonetto that the website will not be up and running until the end of October. Mike Bonetto informs Governor Kitzhaber.</p>	<ul style="list-style-type: none"> • Cover Oregon Press Release “Cover Oregon Opens for Business” – 10/1/13 • Mike Bonetto Interview/ Governor’s Office Briefing notes
<p>November 2013</p>	<p>Individual application released to the public using a fillable PDF that is manually processed. Released full agent application through eligibility determination.</p>	<ul style="list-style-type: none"> • Cover Oregon Interviews

Key Milestone and Timeline

5. Recommendations

As the final component of this Assessment Report, First Data was asked to consider recommendations for the State regarding the Exchange and other state IT projects. First Data has identified seven recommendations below.

5.1 Increased Statewide Enterprise Oversight Authority for IT Projects

First Data recommends providing more authority to the state's enterprise oversight of information technology projects. This would provide more authority to the state CIO's office and would equip Oregon with the structure to ensure IT projects are carried out more effectively and economically in the future. This would reinforce the state's authoritative ability to respond earlier and more effectively if a project begins to run off course. This type of oversight structure would support a single statewide shared vision for each state IT project. The oversight authority should be a central component of governance-level project control and would be most effective if charged with, at a minimum, the following:

- √ Make IT projects accountable to this oversight authority
- √ Give this office the ability to stop troubled projects
- √ Establish minimum standards for governance and project management

Project accountability to this office would be effective in providing project decision-makers with a single point of support and authority. The office would be able to assist IT projects by completing reviews at various stages of the project life cycle and providing guidance as needed. On the exchange project, the oversight entities and experts did not have authority to mandate the HIX-IT project to implement their recommendations or take note of their concerns. Creating a statewide enterprise oversight authority that requires project accountability will resolve such conflicts.

A critical role for this office would be the ability to stop projects. Making the decision to stop a project can be very difficult for an organization. Developing health checks, such as ensuring the project is still aligned with agency and state strategy and meets state priorities, is essential for modern governing practices. Applying those health checks periodically as part of project reviews would give timely insight into whether a project should be continued.

5.2 State Procurement Oversight

Since the passage of SB-99, OHA IT procurements have not been subject to procurement oversight. In addition to establishing the Oregon Health Insurance Exchange Corporation as a public corporation, SB-99 gave OHA the authority to conduct their own procurements for health care information technology contracts. As a result, the State of Oregon no longer has a single entity responsible for ongoing oversight of all IT contracts.

First Data recommends authorizing DAS to oversee all procurements, including those executed by OHA and Cover Oregon. A centralized oversight authority responsible for ensuring the

proper use of the State's procurement vehicles is essential to ensure common state procurement practices and to prevent the intentional or unintentional misuse of government funds.

5.3 Project Governance

One of the common themes from the exchange assessment interviews was that there was no single point of authority on the project. The governance and oversight structure for the HIX-IT/Cover Oregon project was comprised of multiple boards, committees, agencies, and teams, all with varying decision-making authority. Authority was not only parceled out to multiple committees, but was also fragmented across Cover Oregon, OHA, and DHS. To complicate things further, all of these entities had different decisions they were making for the same project. Although the Executive Steering Committee was documented as the key decision-making body, execution of that single point of authority did not occur. With a lack of single point of authority, decisions can often become lost or be ignored by the project as a whole. This, in turn, can complicate leadership's ability to comprehend scope creep or degradation, and the critical components of project health. This lack of clarity can lead to potential project failure.

First Data recommends ensuring each state project establishes a single point of decision-making authority. This establishes accountability for the success of the project and provides a project greater control and traceability of its outcomes.

We recommend that the Project Management Plan of each project not only define the governance structure, but also provide detailed definitions of decision-making authority. This includes a clear, well-defined process of when justifications or approvals are needed by the oversight authority. Using Enterprise IT Portfolio Management will support a systematic approach to policies, standards, guidelines, procedures and practices for a project of this size.

5.4 Strategic IT/Technology Governance

Complementing the establishment of minimum governance standards and project management methods, the state should consider establishing a governing strategic technology plan that defines minimum standards for effective IT strategic initiatives. IT project decisions outside of normal, proven approaches should require justification and approval by the state CIO.

A multitude of decisions by various teams and committees were made on the Oregon health insurance exchange project. These decisions, often undocumented, had a direct impact on the project's outcome. Complementing the recommendation of providing more authority to the state's enterprise oversight of information technology projects, IT projects should be subject to State standards for procurement, solution architecture, and project management discipline. Once the standards are established through the CIO's office, any project that intends to operate outside those standards would require approval. Examples of the types of decisions from the exchange project that could be included are:

- √ The decision to not use a system integrator
- √ The decision to not use a fixed-price, deliverable-based procurement

- √ The decision to implement a multi-agency enterprise system
- √ The strategic decision to purchase a COTS solution

In order to be both effective and timely this level of governance requires clearly written and actionable standards along with statewide agency adoption. Working closely with other states that have recently engaged in similar initiatives may help avoid mistakes made in other statewide applications.

5.5 IT Project Staffing

The exchange project was a large, complex IT project. Complex IT projects introduce an innate resource risk that can only be mitigated through careful staff planning. First Data recommends the State reconsider how IT projects are staffed in the State. The exchange project filled many of its staffing needs using temporary positions, which are difficult to fill due to their lack of employment security. Additionally, qualified staff hired into temporary positions are likely to continue to search for alternate permanent state positions. Consequently, the exchange project regularly struggled to sustain the anticipated project team size and skills. As a result, a large number of staff members were acquired through contracts.

This is a consistent issue across the nation when a state agency needs to ramp up staff in order to prepare for a significant business or automation transformation project. Developing a comprehensive, well thought out staffing plan that considers budget, current/future skill set requirements, training/staff development opportunities and natural staff attrition can set a solid foundation for appropriate resource leveling and reduce the need for temporary staff augmentation options. In turn, the project will be more able to attract the right people and minimize attrition. Where possible, introducing temporary positions or consultant positions to an organization to backfill or support the systems that will be replaced naturally aligns staff attrition with the technology and application lifecycles. Thus reserving the permanent or long-term positions for the 'go-forward' technologies will also provide the state with the capability to develop stronger, more cohesive IT support teams.

5.6 Cover Oregon structure and governing model

As the 2013/2014 Open Enrollment period is now nearly closed and Cover Oregon transitions into operations mode, now is the time to begin the evaluation of the Cover Oregon governance model. First Data recommends that both the Cover Oregon Board and the State reassess their governing principals before the 2014 open enrollment period becomes the priority. The Cover Oregon Board has operated with the Carver model since its inception – governed through a number of key policies established well before last year's open enrollment period. The Cover Oregon leadership team and the Cover Oregon Board need to collaboratively re-evaluate the effectiveness of their existing governing model and determine what changes will create a more effective communication and decision-making structure.

Secondly, the Cover Oregon leadership should conduct an assessment of the current Cover Oregon structure and internal staffing model to determine if gaps in skills and capabilities exist and how they can be addressed. A review and understanding of the Cover Oregon staffing plan

will help ascertain if the right people are in the right roles. Ultimately, the future success of the project will be achieved through a combination of an effective structure for management and a combination of the right individuals.

Role confusion can occur if roles are not clearly defined and production support can impact the delivery of future releases. Critical success factors of project transition rely on a staffing plan with clearly defined roles and responsibilities and address the need for knowledge transfer between project teams. Ultimately, Cover Oregon must develop an operations plan that considers the internal team governance (including the Cover Oregon Board) and external relationships with state agencies, insurance carriers, agents/community partners and the citizens of the State of Oregon.

Separately, the state should assess whether it makes sense to keep Cover Oregon as a public corporation long term.

5.7 Cover Oregon Alternatives Analysis

In light of the current situation with the exchange project, First Data recommends Cover Oregon conduct a “go-forward” alternatives analysis that focuses on the next steps for the project. Specifically, we recommend the analysis address the following three areas:

- √ IT solution – Is the current solution the right approach long term?
- √ Vendor approach – Should Cover Oregon contract with a system integrator or continue with the current approach?
- √ Sustainability of enrollment and finances – Is the Cover Oregon financial model sustainable based on the current cost and enrollment projections?

Exhibit 1

The First Data team interviewed 68 staff, stakeholders, and contractors from February 3 through February 28, 2014 for this assessment. People interviewed include key project staff from Cover Oregon, OHA, and DHS; the Executive Steering Committee; the Cover Oregon Board of Directors; members of the Legislature; and staff from Maximus, Deloitte, and Oracle. Interviews were also requested with additional Oracle staff, the Point B Project Manager, and Pete Mallard, but these individuals were not available for interview. Below is a list of interviews which were conducted.

Monday, February 3
Sean Kolmer – Governor’s Office/Interim Health Policy Advisor
Mike Benetto – Governor’s Office/Chief of Staff
Jim Scherzinger – DHS COO
Erinn Kelley-Siel – DHS Director

Tuesday, February 4
Ed Klimowicz – OIS Chief Technology Officer
Jerry Waybrant – DHS COO Child Welfare & Self Sufficiency
Patricia Baxter – DHS COO Aging & People with Disabilities
Jose Perfecto – DHS/OHA Manager, Office of Contracts and Procurement
Kirk Rhoades – DHS/OHA Deputy Purchasing Officer, Office of Contracts and Procurement
Ali Hassoun – former Cover Oregon Business/SME Lead
Ying Kwong – DAS IT Investment Oversight Coordinator

Wednesday, February 5
Beatriz delaRosa – Cover Oregon COO
Nora Leibowitz – Cover Oregon Chief Policy Officer
Aaron Karjala – Cover Oregon CIO
Judith Anderson – Cover Oregon Procurement
Amy Shelton – Cover Oregon Project Manager
Bruce Goldberg – Cover Oregon Executive Director

Thursday, February 6
Elizabeth Boxall – OIS Project Coordination Manager
Tom Jovick – Cover Oregon Manager
Judy Mohr-Peterson PhD – OHA Director for Medical Assistance/State Medicaid Director
Rus Hargrave – former OIS, MaX Project Director
Dale Marande – DHS Manager, APD Financial Eligibility and Waiver Group
Ken Rocco – LFO Legislative Fiscal Officer
Bob Cummings – LFO Principle/Legislative Analyst
Sean McSpaden – LFO Principal Legislative IT Analyst / former DAS Deputy CIO

Tuesday, February 11
Toni Rogers – OHA Technology Program Manager
Steve Powell – OIS Deputy CIO
Debbie Dennis – DAS Procurement Service Manager
Dianne Lancaster – DAS Chief Procurement Officer
Lori Norlien – DAS Procurement Analyst

Wednesday, February 12
Bob Wort – Cover Oregon User Acceptance Test Manager
Carol Pelton – DHS/OHA Fiscal Analyst
Suzanne Hoffman – OHA COO
Tina Edlund – OHA Acting Director
Edward Screven (and Attorney) – Oracle Chief Corporate Architect

Thursday, February 13
David Rudolph – Cognosante Project Manager
Amy Fauver – Cover Oregon Deputy Director
Kevin Kelly – Deloitte Project Manager
Rocky King – former Cover Oregon Executive Director
John Koreski – former DHS/OHA CIO
Trina Lee – DHS Modernization Director
Leslie Clement – OHA Acting Chief of Policy
Mike Benetto – Governor’s Office/Chief of Staff

Tuesday, February 18
Representative Chris Harker
Garrett Reynolds – Cover Oregon Architect
Liz Baxter – Chair, Cover Oregon Board

Wednesday, February 19
Senator Jackie Winters
Ken Rocco – LFO Legislative Fiscal Officer
Bob Cummings – LFO Principle/Legislative Analyst
Sean McSpaden – LFO Principal Legislative IT Analyst / former DAS Deputy CIO
Rus Hargrave – former OIS, MaX Project Director
Sarah Miller – DAS Deputy COO
Michael Jordan – DAS Director
Representative Dennis Richardson
Senator Brian Boquist
Laura Cali – Cover Oregon Board
Jose Gonzalez – Cover Oregon Board
Dr. George Brown – Cover Oregon Board
Teri Andrews – Cover Oregon Board
Aelea Christofferson – Cover Oregon Board
Gretchen Peterson – Cover Oregon Board
Ken Allen – Cover Oregon Board
Tim Layton – Cover Oregon Business Analyst Lead

Thursday, February 20
Representative Greenlick
Kathleen Paul – OIS IT Director, Innovation and Collaboration Unit
Cathy Kaufmann – OHA Transformation Center
Senator Laurie Monnes-Anderson
Senator Richard Devlin

Thursday, February 27
Governor John Kitzhaber

Friday, February 28
Carolyn Lawson (and Attorneys) – former OIS CIO

Wednesday, March 6
Senator Elizabeth Steiner Hayward

Interviews Requested But Not Provided
Pete Mallard – OIS, MaX Project Manager
David Nickel – Oracle Executive Sponsorship
Cheryl Barnard – Oracle Sponsor
Danila Micodin – Oracle Project Director
Catherine McPherson – Oracle PMO Lead
Tim Vigil – Oracle Development Project Manager
Arun Padmanadhan – Oracle Chief Architect
Matt Lane – Point B Project Manager