



State of Vermont
OFFICE OF THE GOVERNOR

TO: Representative Mitzi Johnson, Chair of House Appropriations
Representative Janet Ancel, Chair of House Ways & Means
Representative William Lippert, Chair of House Health Care
Senator Jane Kitchel, Chair of Senate Appropriations
Senator Tim Ashe, Chair of Senate Finance
Senator Claire Ayer, Chair of Health & Welfare
FROM: Lawrence Miller, Chief of Health Care Reform *Lawrence Miller*
DATE: February 26, 2015
RE: H.82 Sec. 89 Vermont Health Benefit Exchange; Reporting

Pursuant to H.82 Section 89, I present to you financial reporting related to the Vermont Health Benefit Exchange (VHBE). A summary of the budgetary highlights is below and a full accounting is attached. The supporting data file has been provided to the Joint Fiscal Office.

Per H. 82 Sec. 89 (1) - As of December 31, 2014, the Agency of Human Services had spent \$126.7 million on the development and implementation of the VHBE, including functions for eligibility determination for MAGI Medicaid individuals. These expenses are 100% federal funds. There have been no state expenditures. Included in this amount is the VHBE share of expenditures associated with the building-out of the Health and Human Services Enterprise (HSE) platform that is designed to transform all major IT systems to a configurable, integrated solution.

Per H.82 Sec. 89 (2) – The projected remaining development and implementation costs through December 31, 2015 are \$72.0 million, subject to contracting.

Per H. 82 Sec. 89 (3) – The remaining balance in federal grants awarded to Vermont for the development and implementation of the VHBE is \$72.0 million. At this time we expect that no state funds are required to complete the development and implementation of the VHBE.

Per H.82 Sec. 89 (4) – In FY 2015 federal funds substantially supported the operations of the VHBE through December 31st, 2014. The projected expenditures through the end of FY 2015 for the Medicaid and Insurance operations of the VHBE are \$28.2 million gross; \$14.9 million general fund. The budget for FY 2016 for the sustainable operations of the VHBE is \$51.8 million gross; \$27.7 million general fund. Of the total FY 2016 budget, \$8.1 million, 100% general fund, is attributed to the Qualified Health Plan (QHP) component of VHBE operations. \$3.9 million of the \$8.1 million is incremental direct cost for QHP operations. The rest of the FY 2016 budget is attributed to the Medicaid program, including eligibility determination.

Sec.89. VERMONT HEALTH BENEFIT EXCHANGE; REPORTING

On or before March 11, 2015, the Chief of Health Care Reform in the Executive Office shall provide to the House Committees on Appropriations, on Health Care, and on Ways and Means and the Senate Committees on Appropriations, on Health and Welfare, and on Finance the following:

- (1) a full accounting of the State and federal expenditures through December 31, 2014, on the development and implementation of the Vermont Health Benefit Exchange;*
- (2) the projected remaining development and implementation costs through December 31, 2015;*
- (3) the remaining balance in any federal grants awarded to Vermont for the development and implementation of the Vermont Health Benefit Exchange; and*
- (4) the projected expenditures for fiscal years 2015 and 2016 for the sustainable operations of the Vermont Health Benefit Exchange by funding source and by department, delineating the recurring and nonrecurring cost components for operation of the Vermont Health Benefit Exchange in the respective fiscal years.*

PER H.82 Sec 89 (1) PER H.82 Sec 89 (2 & 3)

Category	Total VHC Program Allocation	Expenditures Through 12/31/2014	Projected Remaining Through 12/31/2015
Personal Services (Salaries & Fringe)			
Dept Vermont Health Access (DVHA)	\$ 9,436,290	\$ 7,556,458	\$ 1,879,832
~MOU with Agency of Administration (AoA)	\$ 615,165	\$ 584,476	\$ 30,689
~MOU with Commerce & Community Development Agency (ACCD)	\$ 46,658	\$ 46,658	\$ -
~MOU with Dept of Financial Regulation (DFR)	\$ 660,753	\$ 686,444	\$ (25,691)
~MOU with Dept of Information & Innovation (DII)	\$ 1,260,004	\$ 853,676	\$ 406,328
~MOU with Green Mountain Care Board (GMCB)	\$ 300,559	\$ 199,021	\$ 101,538
Dept of Children and Families (DCF)	\$ 5,684,405	\$ 5,998,458	\$ (314,053)
AHS Central Office	\$ 2,585,353	\$ 1,888,955	\$ 696,398
Dept of Health (VDH)	\$ 4,161	\$ 54,696	\$ (50,535)
Dept of Aging and Independent Living (DAIL)	\$ 5,362	\$ 11,947	\$ (6,585)
Dept Mental Health (DMH)	\$ 2,438	\$ 2,438	\$ -
Subtotal Salaries & Fringe	\$ 20,601,147	\$ 17,883,226	\$ 2,717,921
Operating			
Dept Vermont Health Access (DVHA)	\$ 2,317,271	\$ 1,964,409	\$ 352,862
~MOU with Agency of Administration (AoA)	\$ 51,595	\$ 49,594	\$ 2,001
~MOU with Commerce & Community Development Agency (ACCD)	\$ 3,442	\$ 3,442	\$ -
~MOU with Dept of Financial Regulation (DFR)	\$ 55,815	\$ 48,161	\$ 7,654
~MOU with Dept of Information & Innovation (DII)	\$ 75,924	\$ 20,638	\$ 55,285
~MOU with Green Mountain Care Board (GMCB)	\$ 29,820	\$ 25,784	\$ 4,036
Dept of Children and Families (DCF)	\$ 2,034,683	\$ 675,497	\$ 1,359,186
AHS Central Office	\$ 240,183	\$ 174,835	\$ 65,348
Dept of Health (VDH)	\$ 320	\$ 320	\$ -
Subtotal Operating	\$ 4,809,052	\$ 2,962,680	\$ 1,846,372
Indirects (SWICAP share and Departmental)			
Dept Vermont Health Access (DVHA)	\$ 3,779,614	\$ 2,866,412	\$ 913,202
Dept of Children and Families (DCF)	\$ 742,022	\$ 503,251	\$ 238,770
AHS Central Office	\$ 459,213	\$ 76,158	\$ 383,055
Dept of Health (VDH)	\$ 2,638	\$ 37,203	\$ (34,564)
Dept of Aging and Independent Living (DAIL)	\$ 766	\$ 766	\$ -
Statewide/Agency Indirect Allocation	\$ 1,524,096	\$ 1,675,139	\$ (151,043)
Subtotal Indirects	\$ 6,508,350	\$ 5,158,929	\$ 1,349,420
Grants & Contracts			
HSE System Integrator - CGI Technologies & Solutions (2013)	\$ 53,444,319	\$ 48,327,822	\$ 5,116,496
HSE System Integrator/Operations Services - Optum Insight (2015)	\$ 45,399,457	\$ -	\$ 45,399,457
VHC Customer Support Center Enhancement & Operations - Maximus	\$ 9,945,521	\$ 8,960,488	\$ 985,034
HSE/VHC Staff Augmentation - Enterprise Architecture	\$ 8,624,230	\$ 7,805,491	\$ 818,739
HSE/VHC Staff Augmentation - Project Management/Business Analysts	\$ 7,897,483	\$ 5,980,110	\$ 1,917,373
VHC Planning, Design, and Development Consulting - Wakely Consulting	\$ 5,297,145	\$ 5,296,651	\$ 494
HSE Software ULA & Support Services - Oracle America, Inc	\$ 4,282,038	\$ 4,037,499	\$ 244,539
VHC ACCESS Remediation/Legacy System - Maximus	\$ 4,079,532	\$ 4,079,532	\$ -
VHC Payment Reform & Analytics - GMCB Contracts	\$ 3,597,623	\$ 1,418,598	\$ 2,179,025
VHC Marketing & Advertising - HMC Advertising	\$ 2,874,251	\$ 1,846,542	\$ 1,027,709
HSE Governance/VHC Independent Verification & Validation - Gartner, Inc	\$ 2,780,802	\$ 2,041,730	\$ 739,072
VHC Outreach & Education - GMMB, Inc	\$ 2,379,369	\$ 2,379,369	\$ -
VHC Strategy & Organizational Consulting - HES Advisors	\$ 2,195,725	\$ 2,434,763	\$ (239,038)
VHC Premium Processing 1st Year Operations - Benaisance	\$ 2,047,473	\$ 1,035,842	\$ 1,011,631
VHC Application Maintenance & Operations (2015) - Optum Insight	\$ 1,955,984	\$ -	\$ 1,955,984
VHC Navigators & In Person Assistors	\$ 1,801,023	\$ 1,443,584	\$ 357,439
VHC Misc Consultants	\$ 1,617,248	\$ 1,006,073	\$ 611,175
HSE/VHC Infrastructure Hosting (2015) - Vendor TBD	\$ 1,405,875	\$ -	\$ 1,405,875
VHC Reporting Consultant - Archetype	\$ 1,163,336	\$ -	\$ 1,163,336
HSE Misc Governance Support & Services	\$ 868,535	\$ 653,772	\$ 214,763
VHC Financial Regulation - DFR Contracts	\$ 808,645	\$ 540,614	\$ 268,031
HSE Security Consultants and Contractors	\$ 657,038	\$ -	\$ 657,038
VHC IT Procurement Support/Legal - Mintz Levin et al	\$ 566,640	\$ 571,513	\$ (4,873)
VHC Ombudsman Readiness and Services - Vermont Legal Aid	\$ 462,027	\$ 351,921	\$ 110,106
HSE System Integrator - Accenture (2012)	\$ 222,674	\$ 222,674	\$ -
VHC Staff Training	\$ 209,334	\$ 196,500	\$ 12,834
HSE/VHC OneGate Development - Exeter	\$ 172,016	\$ -	\$ 172,016
VHC Temporary Staffing	\$ 44,651	\$ 56,139	\$ (11,487)
Subtotal Grants and Contracts	\$ 166,799,994	\$ 100,687,227	\$ 66,112,766
Grand Total - BUDGET (100% Federal Share)	\$ 198,718,542	\$ 126,692,062	\$ 72,026,480

H.82 Sec. 89 (4) - Projected Expenditures for FY 2015 and FY 2016 Vermont Health Connect Sustainable Operations

Category	SFY '15 BAA (6 Months)			SFY '16 Gov. Rec.		
	Operations	VHC	GC	Operations	VHC	GC
Personal Services (Salaries & Fringe)						
DVHA	\$ 1,379,262	\$ 216,682	\$ 1,162,580	\$ 3,380,401	\$ 531,061	\$ 2,849,340
DII	\$ 341,690	\$ 53,680	\$ 288,011	\$ 458,732	\$ 72,067	\$ 386,665
DFR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AHS CO	\$ 50,300	\$ 7,545	\$ 42,755	\$ -	\$ -	\$ -
AHS HSB	\$ 122,391	\$ 18,359	\$ 104,032	\$ 74,571	\$ 26,100	\$ 48,471
DCF Non-HAEU	\$ 187,635	\$ 22,516	\$ 165,119	\$ 410,450	\$ 58,035	\$ 352,415
DCF HAEU	\$ 3,603,298	\$ 500,806	\$ 3,102,492	\$ 2,257,855	\$ 286,327	\$ 1,971,528
Subtotal Salaries & Fringe	\$ 5,684,576	\$ 819,588	\$ 4,864,988	\$ 6,582,009	\$ 973,590	\$ 5,608,419
Operating						
DVHA	\$ 1,118,761	\$ 75,891	\$ 1,042,870	\$ 1,496,493	\$ 235,099	\$ 1,261,394
DII	\$ 32,231	\$ 5,064	\$ 27,168	\$ 510,063	\$ 80,131	\$ 429,932
DFR Operating	\$ -	\$ -	\$ -	\$ 3,500	\$ 550	\$ 2,950
AHS CO	\$ 6,725	\$ 1,009	\$ 5,716	\$ 6,725	\$ 1,056	\$ 5,669
AHS HSB	\$ 20,175	\$ 3,026	\$ 17,149	\$ 30,262	\$ 13,113	\$ 17,149
DCF	\$ 188,381	\$ 22,606	\$ 165,775	\$ 188,381	\$ 29,595	\$ 158,786
Subtotal Operating	\$ 1,366,273	\$ 107,596	\$ 1,258,678	\$ 2,235,424	\$ 359,544	\$ 1,875,880
Indirects (SWICAP share and Departmental)						
DVHA	\$ 272,431	\$ 18,480	\$ 253,951	\$ 272,431	\$ 42,799	\$ 229,632
AHS CO	\$ 34,388	\$ 4,460	\$ 29,928	\$ -	\$ -	\$ -
AHS HSB	\$ 83,577	\$ 10,754	\$ 72,823	\$ 83,577	\$ 13,130	\$ 70,447
DCF	\$ 719,561	\$ 86,347	\$ 633,214	\$ 719,561	\$ 113,043	\$ 606,518
Subtotal Indirects	\$ 1,109,957	\$ 120,041	\$ 989,916	\$ 1,075,569	\$ 168,972	\$ 906,597
Grants & Contracts						
DII Enterprise Architecture Staff Augmentation	\$ -	\$ -	\$ -	\$ 1,178,452	\$ 185,135	\$ 993,318
Reporting Consultant - Archetype	\$ -	\$ -	\$ -	\$ 1,462,500	\$ 229,759	\$ 1,232,741
Security	\$ 346,270	\$ 54,399	\$ 291,871	\$ 960,281	\$ 150,860	\$ 809,421
Hosting	\$ 4,458,125	\$ 700,371	\$ 3,757,754	\$ 4,970,625	\$ 780,885	\$ 4,189,740
Application Maintenance and Operations	\$ 5,664,025	\$ 849,605	\$ 4,814,420	\$ 10,314,316	\$ 1,620,379	\$ 8,693,937
SOV Application Licensing , Software Assurances and Services	\$ 1,637,500	\$ 257,251	\$ 1,380,249	\$ 2,707,500	\$ 425,348	\$ 2,282,152
HSO Ombudsman - VT Legal Aid	\$ -	\$ -	\$ -	\$ 300,000	\$ 47,130	\$ 252,870
Customer Call Center - Maximus	\$ 4,973,602	\$ 781,353	\$ 4,192,249	\$ 11,000,000	\$ 1,728,100	\$ 9,271,900
Premium Processing - Benaissance	\$ 1,861,800	\$ 292,489	\$ 1,569,311	\$ 5,081,764	\$ 798,345	\$ 4,283,419
Navigators and In-Person Assistors	\$ 200,000	\$ 31,420	\$ 168,580	\$ 400,000	\$ 62,840	\$ 337,160
Outreach and Education	\$ -	\$ -	\$ -	\$ 800,000	\$ 125,680	\$ 674,320
Advertising	\$ -	\$ -	\$ -	\$ 800,000	\$ 125,680	\$ 674,320
Organizational Consulting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Temp Services	\$ 75,000	\$ 11,783	\$ 63,218	\$ 375,000	\$ 58,913	\$ 316,088
Actuarial Services/Plan development	\$ 75,000	\$ 11,783	\$ 63,218	\$ 150,000	\$ 23,565	\$ 126,435
Legal Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mailing (Notices, Premium Invoices, etc) - BGS MOU	\$ 200,000	\$ 31,420	\$ 168,580	\$ 400,000	\$ 62,840	\$ 337,160
Other	\$ 500,000	\$ 78,550	\$ 421,450	\$ 1,000,000	\$ 157,100	\$ 842,900
Subtotal Grants and Contracts	\$ 19,991,322	\$ 3,100,423	\$ 16,890,899	\$ 41,900,438	\$ 6,582,559	\$ 35,317,879
Grand Total	\$ 28,152,128	\$ 4,147,648	\$ 24,004,480	\$ 51,793,440	\$ 8,084,664	\$ 43,708,776
State General Fund Impact *	\$ 14,942,463	\$ 4,147,648	\$ 10,794,815	\$ 27,740,501	\$ 8,084,664	\$ 19,655,836
Total DVHA	\$ 23,135,697	\$ 3,470,220	\$ 19,665,478	\$ 47,559,826	\$ 7,471,649	\$ 40,088,177
Total DVHA State General Fund Impact*	\$ 12,313,785	\$ 3,470,220	\$ 8,843,565	\$ 25,499,302	\$ 7,471,649	\$ 18,027,653

*adjusted to reflect SFY '16 match rates

Appropriation value adjusted to include GC dollars included in our Medicaid Admin appropriation