



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 - Benaissance | \$ 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 |
| HSD 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