State of Vermont

Independent Review of
Health Benefits Exchange (HBE)
And Integrated Eligibility (IE) Solutions

Submitted to the
State of Vermont, Department of Information and Innovation
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v1.2

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Version History	Explanation of Changes
V1.0	Initial release of Draft version.
V1.1	Edits made with feedback from the HBE team focusing on financial areas of the narrative, other minor factual corrections.
V1.2	Deleted former Risk 5 and Risk 11 as a result of discussions with the State. Other edits and clarifications made to several Findings, Risks, and Issues based on feedback from State staff. Version issued as Final.

1.0 EXECUTIVE SUMMARY

This section provides a summary of the Health Benefits Exchange and Integrated Eligibility Solutions Independent Review.

The State of Vermont's Department of Information and Innovation (DII) engaged Berry Dunn McNeil & Parker, LLC (BerryDunn) to conduct an Independent Review of procurements related to Vermont's Health Benefits Exchange (HBE) and Integrated Eligibility (IE) solutions. BerryDunn interviewed staff and management from the DII, Department of Vermont Health Access (DVHA), Desai Management Consulting, CGI, Gartner, and Maximus. The State's Oversight Project Manager (OPM) provided BerryDunn with numerous documents that were used to conduct this review, including but not limited to the HBE and IE RFPs, CGI proposal documents, State Policy Documents, budgets and meeting minutes, a timeline of events leading up to system selection, the evaluation tools used by the State to select CGI as the preferred vendor, and draft HBE and IE Implementation Project planning, system design, and contract documents.

State of Vermont statute requires the DII to solicit an Independent Review for all information technology projects estimated to exceed $500,000. In this case, the Independent Review examines the selection process for the HBE and IE solutions project. The State Office of the Chief Information Officer (CIO) sought an independent assessment of the State's current HBE vendor's existing and proposed costs, the architecture of their solution, the vendor's proposed implementation plan, and their capacity to provide the proposed equipment, support, and services for the system going forward. Additionally, the CIO requested an assessment of the IE solutions project including a review of the IE vendor's proposed costs, solution architecture, proposed implementation plan, and their ability to provide the equipment, support, and services for the IE solution. Collectively these projects are a significant part of what is referred to as the Health Services Enterprise (HSE) program. The primary objective of the Independent Review is to identify risks and issues that may impact the success of the program.

The primary entities involved in this Independent Review include but are not limited to the CGI, Gartner, Maximus, Desai Management Consulting, and other stakeholders in the State of Vermont such as, DII, DVHA, and the Enterprise Project Management Office (EPMO), collectively referred to as "the State."

The proposed HBE and IE activities do not result in a tangible positive Return on Investment in the first five (or 10) years after deployment. This conclusion was reached by analyzing the tangible benefits reported to the Independent Review team by the DVHA. Tangible benefits are defined as those in which there are quantifiable savings associated with the Exchange. However, significant intangible benefits have been identified that must be considered when assessing the long term impact of the implementation of this solution, most notably the expansion of medical benefits coverage to approximately 6% of currently uninsured Vermonters, which brings with it both unquantifiable monetary and non-monetary advantages. A number of

additional intangible benefits were identified and have been documented in the Cost Benefit Analysis section below.

In regards to the IE Independent Review we recommend that the State not rush the contract negotiation process with CGI. We recognize that time constraints (largely for purposes of ensuring funding) are real constraints to the team; however, the scope of work being considered under this contract has not been fully defined. The State and CGI should be in a common agreement of the total scope required for the IE project, and a price should be developed that reflects that pre-described scope. At a minimum, we recommend a “best and final offer” approach that would help to refine requirements and expectations for project scope, and allow CGI to refine their estimates and provide the State with the lowest possible cost.

1.1 Summary of Key Findings

Through a series of interviews with State staff and the majority of the contract-holding vendors involved in these projects, BerryDunn identified 65 key findings. A summary of these findings is listed in Table 1. Many of the findings resulted in the documentation of risks or issues. Appendix C and Appendix D list summaries of the risks and issues respectively. The following definition of a finding is provided below.

> **Finding:** A relevant fact discovered during the execution of this Independent Review that may lead to one or more Risks and/or Issues.

As BerryDunn conducted its on-site activities, we organized our meetings with the State and vendor into the four major areas of the IR process: Acquisition Cost Assessment, Technical Architecture, Implementation Plan, and Organizational Readiness. When we identified a finding that we felt was relevant, we documented it for later consideration in regards to the creation of Risks and Issues. Our raw findings have also been organized into the four major areas of the IR process.

Table 1 – Summary of Key Findings

Area Evaluated	Key Findings
Acquisition Cost	• The contract with CGI as systems integrator for the HBE solution was acquired using Vermont's transitive procurement process. • The majority of non-CGI contracts involved in acquiring the HBE solution have been executed. • Acquisition costs for Vermont's HBE solution are not presently finalized. • CGI's Contract documents include both a provision for liquidated damages and a cap on payments for those damages. • CGI's revised Cost Proposal for the Integrated Eligibility solution is not available. • Ongoing maintenance and operations costs for a number of components of the HBE project are currently estimates. • At the time of this Review, existing funding sources for Exchange establishment do not cover anticipated expenses through 2014.
Technical Architecture	• The HBE and IE systems are phased releases of the HSE platform. • The HSE platform has been built with various Oracle components and is designed to be reusable and scalable for future implementations (HSE releases). • The State of Vermont DII is currently focused on establishing an Enterprise Architecture (EA). • The State of Vermont has set forth six Strategic Principles in their 2013-2018 IT Strategic Plan. No Transition Plan has been created to guide the Agency of Human Services (AHS) through transforming in accordance with the vision of moving towards an Enterprise Architecture. • The HBE solution will be hosted at CGI's "Federal Cloud Hosting Site" in

Area Evaluated	Key Findings
	Phoenix, AZ with a Disaster Recovery site in Philadelphia, PA. • State Policies and procedures regarding Cloud technology have not been fully developed and vetted. • OneGate is commonly mistaken as the HBE/IE "solution." • An Oracle Master Data Management will be lightly utilized for the HBE solution but heavily utilized for the Integrated Eligibility System. • External to the Maximus-owned call center contract, CGI owns all responsibility for building the HBE solution. • A scope of work related to integration between the HBE and the legacy ACCESS mainframe system was carved out of the IE procurement and added to the HBE implementation in order to meet perceived requirements for October 1. • The State's "ACCESS" system is built on obsolete software and is not sustainable. • Benaissance has been sub-contracted by CGI to handle premium processing. • Maximus, DVHA's current call center vendor, will experience an estimated growth in call volume from 6,000 calls per month to 70,000 calls per month upon HSE Release 1. • The long-term vision for the Health Services Enterprise Program is that there will be interfaces with "dozens" of systems. • The ACCESS remediation process set forth by SOW #3 is the first of many remediation projects that will need to take place as the HSE grows in scope. • Some of the original programmers who were involved with ACCESS during its infant stages are now employed by Maximus (vendor). • It is estimated by the State that the scope of the HBE solution will be 80% Commercial Off-The-Shelf (COTS), 15% configuration, and 5% development. • CGI has not provided a list of standard functionalities for the HBE system to the State. • Oracle Business Intelligence Enterprise Edition (OBIEE) will be used for report generation as part of the HBE solution. • WebCenter (also known as Oracle Document Management) will be the software tool used for document management in the VT HBE solution. • HSE Release 1 will be capable of supporting 85,880 users (400 concurrent). • The overall development lifecycle of HSE Release 1 will be managed with a Waterfall methodology. • The VT HBE is comprised of six environments. • Based on the FIPS 199 system categorization process, the VT HBE solution has been identified as having a security level of "Moderate". • CGI has not yet developed or submitted a Disaster Recovery Plan for the HBE. • It is anticipated that the implementation of the HBE system will pose no impact to the State's Wide-Area Network (WAN). • The CGI HBE solution is a completely hosted, "external cloud" system.

Area Evaluated	Key Findings
	• Due to tight Federal deadlines, some requirements may be pulled from CGI's scope and revisited in the future. • It is estimated by DII that future interfaces with the mainframe ACCESS system could utilize FTP pulls of data rather than establishing live interfaces. • CGI is required to follow the Non-Functional Requirements (NFRs) set forth by the State. • As indicated by DII, it is important that State resources focus on the business functions of the HBE and IE solutions and allow applicable vendors to focus on the technical aspect of the HSE platform. • Forty-nine security-related requirements have been set forth by the State in their list of Non-Functional Requirements. • As of the time of this Independent Review, the primary CGI hosting site in Phoenix, AZ and the Disaster Recovery site in Philadelphia, PA are not yet IRS 1075 compliant.
Implementation Plan	• The HBE project has a work plan with specific deliverable due dates, and the team is managing from that plan. • The original IE proposal assumed a project kick off of March 25, 2013. • CGI's HBE contract includes a clause dictating that Federal updates will be adopted throughout the project as they are made available. • The State of Vermont adopted CGI's HBE Project Plan for Hawaii and compressed it to meet State deadlines. • The Scope of the HBE systems' functionality has been determined to be 80% COTS, 15% configuration, and 5% development. • Test results on core HBE functionality from Hawaii's HBE solution will be used as verification for Vermont's HBE solution. • CGI is responsible for system-based training, while Vermont will be responsible for all training items external to the HBE system. • There have been several amendments to the HBE contract since it was first signed. • Project health, as reported in Gartner status reports, has been flagged as red for the past six weeks (as of May 2). • Twenty-nine organizations submitted applications to serve as navigators. • Maximus, a vendor on the IE project, now employs several of the developers who wrote the code for the ACCESS mainframe system. • There does not appear to be a consensus about the future of the ACCESS system. • The HBE Project Risk Register currently holds 29 open risks and does not appear to be updated regularly. • CGI has not delivered a final testing plan to the State. • All CGI test cases will be approved by State staff before testing commences.

Area Evaluated	Key Findings
Organizational Readiness	• The State has not adopted a formal change management plan. • The State of Vermont Health Benefit Exchange project team benefits from strong project level leadership. • Attracting project staff with the experience, technical skills, and knowledge base necessary to make an immediate impact on the project is proving to be difficult for the State. • Shifting focus away from ACCESS legacy mainframe system is causing concern among Department of Children and Families (DCF) technical staff, and exacerbating staffing challenges in that department. • Current staff resources in the ACCESS Office are stretched very thin. • CGI has not provided a staff plan for the HBE project, nor have they provided hours estimates for the tasks listed on the project schedule. • The staffing levels proposed by CGI in their initial IE project work plan are not realistic. • The State has assigned a task order to HES Advisors to develop a staff plan for the operation of the Health Benefit Exchange through 2017+. • The HBE Project team is organized in a matrix structure, with multiple State departments contributing staff with some team members only partially dedicated to the project.

1.2 Summary of Key Risks and Issues

BerryDunn identified both Risks and Issues as a result of this Independent Review. The Project Management Institute (PMI) provides an important distinction between the two, and BerryDunn believes that this section must include a narrative regarding Issues in addition to Risks.

> **Risk**: A Risk refers to uncertain events or conditions which, if they occur, would have a negative effect on the project's objectives. Risks are events or conditions that may occur in the future.
>
> **Issue**: An Issue is a situation which has occurred or will definitely occur, as opposed to a Risk which is a potential event.

1.2.1 Risk Summary

During BerryDunn's review of the HBE and IE projects, 20 risks were identified. There are many risks that are not unique to the State of Vermont, and are inherent challenges being faced nationwide as part of the scope of national healthcare reform; however, some risks are specifically derived from Vermont's unique environment, project approaches, and solutions.

The scale of the Health Services Enterprise Program is an unprecedented undertaking for Vermont. Even as individual projects, the HBE and IE solutions are both similarly large in the scope of the implementations and the broad ranging impacts to a number of government

agencies. With this framework in mind, and with the assumptions listed in Section 2.5, BerryDunn developed a risk register that focused on a number of areas, including transition plans, project documentation, staffing difficulties, timelines, and integration of legacy systems with the new solutions being developed. The highlights are described in the following paragraphs.

Scope for the HBE project has shifted significantly in recent months, and relative to the deadline for deployment of the solution, the scale of these shifts pose substantial risk. Several of the risks identified in this Independent Review will be either resolved or greatly ameliorated by the delivery and understanding of a finalized scope document from the systems integrator, CGI. A number of risks focused on the difficulties with the legacy ACCESS system. These include the lack of a comprehensive transition plan to phase out of the legacy system as the new IE project is developed. There are technical and human resources uncertainties involved in this transition that remain to be delineated and fully planned/managed.

Within the HBE project, the risks identified included concerns related to some of the relatively unproven technology being used in the solution, like OneGate and Jellyvision; the management of development work leading up to and immediately subsequent to deployment; and concerns around verification and testing as the solution is developed. The IE project, in addition to the risks associated with the development of an eligibility system, will require changes to business processes that have been in place in some cases for as much as 30 years. Risks related to the IE presented change management, integration challenges, and funding concerns.

All risks have been categorized as being related to HBE, IE, or the entire HSE program. Additionally, risks have been assigned a ranking (low, medium, and high) for impact (if it comes to fruition, how it might impact the identified system categorization) and probability (how likely will it occur). A summary table of Key Risks can be found in Appendix C.

1.2.2 Issue Summary

During BerryDunn's Independent Review, 10 issues were identified. As with the Risks, many of the Issues that were identified are believed to be prevalent among most of the states that have undertaken the development of Exchanges, or among all states that are facing the changes of healthcare reform.

Some of the issues were related to lack of or delays in Federal guidance and services, and tight implementation timeframes. The issues also addressed the organization challenges associated with communication between State departments related to overall vision, and the on-boarding of new resources or newly involved departments in complicated project implementations. One issue underscored the challenge associated with the fact that the existing legacy ACCESS system is well-known by only one vendor, and the number of vendors known with any capability of working in this system is extremely limited.

All issues have been categorized as being related HBE, IE, or the entire HSE program. Additionally, issues have been assigned a ranking (low, medium, and high) for impact (how much it is impacting the identified system categorization). A summary table of key Issues can be found in Appendix D.

2.0 OVERVIEW OF THIS DOCUMENT AND BACKGROUND

This section provides background information, approach, assumptions, and objectives of the Independent Review. This section describes the scope of the Independent Review to give readers appropriate context when reading the analysis and findings found in this report.

2.1 Scope of this Independent Review

In accordance with the Independent Review of Proposed Health Benefits Exchange Statement of Work (SOW), BerryDunn conducted an Independent Review of the Vermont HBE initiative. It is the intent of the State that the following items be addressed through the SOW:

In accordance with the Independent Review of the Health Benefits Exchange (HBE) Integrated Service Provider and Integrated Eligibility (IE) Solution Statement of Work (SOW), BerryDunn conducted an Independent Review of the Vermont HBE and IE initiatives. It is the intent of the State that the following items be addressed through the SOW:

- After award, Independent Review vendor (BerryDunn) organizes and leads a kick-off teleconference meeting with the Vermont project team.
- EPMO OPM gathers and sends all existing documents, contracts, and other information to BerryDunn for review.
- Following the kick-off meeting, BerryDunn spends four days on-site at the State offices in Vermont collecting information and interviewing key project stakeholders.
- BerryDunn reviews all materials, contracts, SOWs, project work plans, and other documentation to understand the project and proposed work being reviewed.
- BerryDunn conducts meetings with the selected vendors to obtain additional information about the project.
- BerryDunn catalogues risks and strategies to mitigate risks into a Risk Management Plan.
- BerryDunn develops a draft of the Independent Review report according to the Scope of Work, and delivers the draft document to the EPMO OPM and the Contracting & Procurement Specialist.
- BerryDunn and the EPMO OPM review the Risk Management Plan and discuss strategies for working with the project stakeholders to develop risk responses.
- BerryDunn works with impacted State agencies to develop responses and an action plan for each risk identified.
- BerryDunn refines report to create a final draft based on feedback from the State.
- BerryDunn holds an on-site meeting with the EPMO Director, CIO, and OPM to discuss the Independent Review Report and answer final questions
- BerryDunn makes final adjustments to the report and submits the final Independent Review Report to the State.
- BerryDunn works with the EPMO OPM to finalize Risk Management Plan is finalized

with DVHA before final review with CIO.

- EPMO OPM closes out the Independent Review Report once all items in the Risk Management Plan have satisfied the CIO.
- Contracts & Procurement Specialist receives the final CIO-accepted Report.

The scope of this document is fulfilling the requirements of Vermont Statute, Title 3, Chapter 45, §2222(g):

> "The secretary of administration shall obtain independent expert review of any recommendation for any information technology activity initiated after July 1, 1996, as information technology activity is defined by subdivision (a)(10) of this section, when its total cost is $500,000 or greater. Documentation of such Independent Review shall be included when plans are submitted for review pursuant to subdivisions (a) (9) and (10) of this section. The Independent Review shall include:
>
> (1) an acquisition cost assessment;
> (2) a technology architecture review;
> (3) an implementation plan assessment;
> (4) a cost analysis and model for benefit analysis; and
> (5) a procurement negotiation advisory services contract."

A recent addition to the State's Independent Review process is the development of a Risk Management Plan. Previous Independent Reviews included the creation of a Risk Matrix, identifying risks and documenting the recommended approach to risk response. The new process takes this a step further, by requiring the Independent Review vendor to collaborate with the impacted State agencies to develop a specific plan for addressing each of the identified risks in the Risk Matrix, resulting in a Risk Management Plan.

2.2 Review Approach

In conducting our Independent Review, the following activities were completed:

Table 2 – SOW Requirements and Activities Performed

SOW Requirement	Activity Performed	Date(s) Performed
The State notified BerryDunn of award of the HBE and IE Independent Review (IR) Project.	BerryDunn issues formal document request to Tim Holland at DII Enterprise Project Management Office.	4/22/13

SOW Requirement	Activity Performed	Date(s) Performed
Review vendor schedules a kick-off meeting or teleconference to introduce project team members and begin project planning.	BerryDunn scheduled a kick-off teleconference meeting with Tom Jenny, Tim Holland (OPM), and Mike Maslack (Desai Management Consulting) to make introductions and begin planning for the IR project.	4/24/13
Review vendor spends time on-site at the State offices in Vermont collecting information and interviewing stakeholders.	The following on-site meetings were held in Williston and Winooski, Vermont. • Project Overview and Background • Acquisition Cost Assessment • Technical Architecture Review • Assessment of Implementation Plan Assessment of Organizational Readiness	4/30/13 – 5/2/13
The reviewer holds a teleconference with the selected vendor(s) if needed.	BerryDunn conducted conference calls with members of the CGI, Gartner, Maximus, and Desai project teams.	5/8/13 – 5/10/13
The reviewer will catalog risks that are identified and discuss strategies to mitigate risks identified.	BerryDunn reviewed background documents, contracts, and project information received from Vermont staff and vendor interviews and catalogued risks and in a Risk Matrix and Issues Log.	5/10/13 - 5/23/13
The reviewer will incorporate risks and strategies to mitigate risks identified in a Risk Management Plan.	BerryDunn cataloged risks and issues in the Risks & Issues Management Plan, incorporated our recommendations regarding risk and issue responses, and collaborated with State staff to develop an action plan for each risk and issue in the Plan.	5/23/13
The review team writes the Independent Review deliverable according to the Scope of Work and delivers the draft document to the State Enterprise Project Management Office (EPMO).	BerryDunn submitted the draft HBE and IE Independent Review Report, including the Risks & Issues Management Plan to the EPMO.	5/24/13

SOW Requirement	Activity Performed	Date(s) Performed
The review team holds an on-site meeting with the State EPMO Director, Project Manager, DII Deputy Commissioner, DVHA Sponsor(s), and CIO to "close" the review and answer final questions.	BerryDunn is prepared to conduct this presentation of the HBE and IE solutions Independent Review findings, including the Risks & Issues Management Plan to the State EPMO Director, DII Deputy Commissioner, and the State CIO.	6/14/13
The reviewer makes final adjustments to the deliverable, and submits the final Independent Review document(s).	BerryDunn is prepared to incorporate recommended changes resulting in the meeting with the CIO's office into the Independent Review Report.	6/17/13
The reviewer will work with sponsor on the mitigation of the risks and plan that are defined in the Independent Review.	BerryDunn is prepared to meet with State stakeholder groups to develop a risk and issue mitigation plans for each of the identified risks and issues in this report.	TBD
Project Manager follows up with the State's risk mitigation plans with CIO and sponsor to close process on open tasks and gets CIO approval to move forward on project.	The timing of this activity is to be determined once the State Project Manager is identified and engaged.	TBD
Contracts & Procurement Specialist will receive final report from sponsor & vendor(s) on how they answered and managed the risks.	The timing of a closeout meeting with the AHS, DVHA, DII, and the EPMO is to be determined.	TBD

The two major sources of information collected during the Independent Review process are from interviews of project staff and from project documents. A list of interviews conducted by BerryDunn as part of the Independent Review process is included in Appendix A. Over 100 different documents were reviewed during this study, including budgets, vendor contracts, service agreements, vendor deliverables, proposals, presentations, business process diagrams, and many more.

BerryDunn would like to acknowledge the significant time afforded to our Independent Review team by a number of individuals including, but not limited to, the Health Benefits Exchange unit of DVHA, the Department of Information and Innovation, the EPMO, and key DII technical leads.

We recognize the unprecedented scale of these projects and the State's extraordinary efforts in running the projects associated with the HBE and in the procurement of the IE project thus far. The Independent Review process is critical in nature and does not address the strengths of the proposed solutions, the vendors, or the State participants.

2.3 HBE Project Historical Background

This section is intended to provide a brief historical perspective of the HBE and IE project backgrounds. With the establishment of Green Mountain Care and the passage of Act 48, the State of Vermont is unique among states in the country in pursuing a long-term vision of single-payer healthcare. Current estimates indicate that the State should have a functional single-payer system by 2017. The Patient Protection and Affordable Care Act has occurred concurrently with Vermont's efforts, requiring that the State also pursue the HBE solution, which at the time of this Independent Review is well underway. Recognizing the State's current eligibility system for a number of public entitlement programs relies heavily on ACCESS, an outdated mainframe database, Vermont is also in the midst of a procurement for a new Integrated Eligibility solution by which they can gradually phase out reliance on ACCESS. As indicated in the State's Request for Proposal, "the IE Solution Project will result in the implementation of a fully functional integrated eligibility solution that will allow the State to retire its legacy eligibility system – ACCESS."

Table 3 – HBE Project Chronology

Timeframe	Activity
1969	Vermont Agency of Human Services (AHS) created
Early 1980s	Legacy ACCESS mainframe system originally developed in-house
March 2010	The Patient Protection Affordable Care Act enacted
May 2011	Act 48 passed Vermont legislature
July 1, 2011	Green Mountain Care Board created
November 29, 2012	DVHA and DII cease negotiations with possible systems integrator vendor for HBE
December 17, 2012	Vermont leverages transitive procurement process to retain CGI as systems integrator
January 2013	Vermont receives proposals to build a new Integrated Eligibility solution
May 1, 2013	An amendment to a contract with Maximus is implemented that removes the ACCESS "remediation" component from the IE project and places it in the domain of the HBE project
October 1, 2013	Health Benefits Exchange intake and eligibility functionality live
January 1, 2014	Coverage effective for benefits purchased through the Health Benefits Exchange
2017	Vermont provides universal health care coverage to all residents

2.4 Project Cost Summary

The HBE project is under contract and work has begun with project costs being incurred. The Integrated Eligibility project is in the procurement phase, and a hosted solution with CGI is being considered. A proposal in response to a State request for proposal (RFP) was submitted by CGI in January for the Integrated Eligibility project. However, due to time constraints and federal deadlines the State revised the procurement approach and project scope for the Integrated Eligibility system project. The original CGI proposal submitted in January has not been updated to reflect these changes to project scope, including the removal of services needed for Access remediation as related to the Exchange. Recognizing that this component of the proposal is not yet available, the constituent software, hardware, and other costs are not discussed in this section.

In part due to the highly compressed nature of the HBE implementation timeframe, the expansive scope that the project entails, and the fact that the majority of vendor contracts involved in the project have already been executed, a conventional cost breakout in terms of hardware, software, and services is not being prepared for this review. A full cost list by contract, operations, maintenance, and other cost areas for the HBE project has been developed and is included as part of the Cost/Benefit Analysis in Appendix B.

Budget

- The State's budget has received approximately $129,000,000 in federal funding in the form of Exchange grants. These funds are being used for projects related to establishing and operating (for the first year only) the HBE. Additional requests for Exchange establishment grants will be pursued by the State to continue to fund the development of the HBE solution through 2014.
- The Integrated Eligibility project is being funded with 90/10 funding from the Centers for Medicare and Medicaid Services and the State of Vermont, respectively.

Hardware – HBE only

- The HBE is being developed primarily as a hosted solution, and imposes hardware costs that are relatively incidental to support the full scale of the project. A line item on the State's Health Services Enterprise budget and contract report to CMS shows hardware costs of approximately $46,000.

Software – HBE only

- The HBE solution has required that the State obtain a number of Oracle software components, at a total acquisition cost of $6M. The ongoing operations and maintenance fees associated with this software start at $1.3M and are estimated to increase at 5% each year thereafter.

Project Management Costs

- The State has a number of EPMO Project Management resources contributing project oversight to the overall Health Services Enterprise set of solutions, which includes HBE, IE, and several other projects. Given the scale and complexity of the projects encompassed in the Health Services Enterprise program, a specific cost allocation of EPMO resources to only the solutions discussed in this Independent Review was not sought.
- The State has augmented PMO staff with a project management contract to Desai Management Consulting through 2014. The value of the contract with Desai is $6M.

Maintenance

- Estimates for ongoing maintenance and support for the HBE and IE solutions are included the Cost/Benefit Analysis in Appendix B.

2.5 Limitations of this Review

This Independent Review of the HBE and IE solutions is subject to a number of constraints imposed by relevant contract dates, which are summarized in the following list.

- This review was set to occur over a 6 to 8 week timeframe and BerryDunn's onsite interviews began the week of April 29, 2013.
- The contract with Oracle relevant to services and software for the HBE solution was effective on July 11, 2012, and has been amended several times thereafter.
- The CGI Systems Integrator contract was executed on December 17, 2012.
- Amendment 1 to the CGI contract was effective on February 28, 2013.
- Amendment 2 to the CGI contract was effective on May 1, 2013.
- Amendment 3 to the CGI contract had not been executed as of April 29, 2013, when BerryDunn's on-site interviews began.
- The Maximus contract for ACCESS analysis services was executed on November 16, 2012.
- The Maximus amendment for call center services was effective on April 17, 2013.
- A proposal for Integrated Eligibility was submitted by CGI on January 22, 2013; however, the scope for this project has changed substantially since then, rendering the proposal documents effectively obsolete. A new set of proposal documents was not available during the Independent Review.
- The approach to the IR followed the prescribed Vermont methodology, even though the CGI contract was executed on December 17, 2012.

In addition to the constraints imposed by the various contract, amendment, and proposal timeframes listed above, this Independent Review of the HBE and IE solutions may also be limited by:

- Availability and schedules of key State staff members for interviews and follow-up clarifying conversations.
- Documentation provided to BerryDunn by the State (see Table 2).
- Throughout this Independent Review, BerryDunn has relied on the accuracy of the documents and interviews provided by the State EPMO, the State DII, CGI Technologies and Solutions, Desai Management Consulting, Gartner, and Maximus.

2.6 Proposal Review

2.6.1 Project Goal

To comply with Federal requirements to establish an operational Health Benefit Exchange (HBE) by January 2014, the State has decided to develop and operate a State-based Exchange instead of a Federally-Facilitated Exchange. The State has strong support for this reform at many levels of government. This is illustrated in the 2011 passage of Act 48 that authorizes Vermont's Exchange, *Vermont Health Connect*, to be established within the State's Medicaid agency, the Department of Vermont Health Access. The purpose of Act 48 is the overarching goals for this project:

- Facilitate the purchase of affordable, qualified health benefit plans to reduce Vermont's uninsured and underinsured
- Reduce disruption when individuals lose employer-based insurance
- Reduce administrative costs in the insurance market
- Promote health, prevention, and healthy living
- Improve health care quality

The implementation is currently underway with CGI, the selected HBE Integrated Service Provider. In conjunction with the HBE implementation, Vermont is seeking a vendor to provide an Integrated Eligibility (IE) solution to replace the State's aging mainframe-based eligibility system. The HBE and IE are closely linked in that both solutions will be deployed on the State's Health Service Enterprise (HSE) Platform, a Service Oriented Architecture (SOA) infrastructure that will provide a common gateway for Vermonters who qualify for health and human service government benefits. The HSE Platform will also allow for more fluid exchange of information, master data management, and shared analytical capabilities for the State's health and human services programs.

The HBE and IE solutions are intended to meet federal mandates providing Vermont individuals and small businesses to shop for health insurance coverage. The resulting contract between the State and the selected vendor(s) is intended to yield the following outcomes:

- Design components of the Vermont HBE are compliant with the federal Affordable Care Act (2010)
- The HBE is delivered within an infrastructure and platform hosting environment

- The HBE includes components to determine eligibility for MAGI Medicaid or to shop for private individual and small employer QHP coverage on the Exchange
- Support the calculation of Federal Advance Premium Tax Credits and associated State subsidies
- Integrate with the Federal Data hub to support Federal enrollment and financial reporting requirements
- Delivery of the HBE should align to the CMS Gate process
- The Exchange should be SOA compliant

2.6.2 Project Scope

HBE and IE Solutions Implementation Project Scope

The State requires the development of HBE and IE Solutions that meet fixed federal compliance deadlines and requirements. An Independent Review of these solutions will be critical in identifying risks and developing a mitigation strategy to assist in the successful implementation of these systems within the tight timeframe. These solutions must not only meet the federal guidelines, but also meet the current needs of the State and provide a framework for modification of system processes and procedures to provide high-quality customer service while reacting in an accurate and timely manner to the ever-changing federal and healthcare reform requirements determined by internal and external sources.

The vision for the HBE solution is to create an efficient and competitive marketplace that will help consumers and small businesses easily and intuitively purchase health insurance through a comparison of price, benefits, and quality of qualified health plans. The vision for an integrated eligibility solution is to provide eligibility determination and enrollment processes for publicly-subsidized health coverage programs and providing seamless coordination between the HBE, Medicaid, and the Children's Health Insurance Program as a one-stop shop for health coverage targeted at this population. This system should be:

- Service-based
- Responsive
- Seamless
- Interoperable
- User friendly
- Scalable

A key component of this project is its ability to provide Vermont and its constituents with user-friendly, intuitive, and simple solutions that will be accessible to the targeted population. The State expects the contracted vendor to fully understand the current and future needs of Vermont's users and design solutions that will meet their needs as a one-stop shop. The HBE and IE Solutions must provide an enterprise solution that allows for growth and expansion of programs from a business and informational perspective. The solution must be designed to fit within the overall State enterprise architecture and take advantage of IT architecture frameworks based on shared services and common technologies. This procurement goes a

long way to the State successfully creating an HBE and IE that is robust and meets the State's goals and vision.

HBE Major Tasks and Deliverables

Based on CGI's contract documentation, the following are the proposed major tasks and deliverables. This list was developed using the multiple sources of tasks and deliverables and is evolving as this report is presented.

- **Project Tracking**
  - Status reports
  - Issues lists
  - Risk management updates
  - Updated project schedule (bi-monthly)

- **Status Reporting**
  - Weekly
    - Status of work against Project Work Plan
    - Objectives for next period
    - Client responsibilities for next period
    - Recovery plan for activities not tracking to schedule
    - Projected completion dates
  - Bi-weekly
    - Escalated risks, issues, action items
    - Disposition of logged issues/risks
    - Important decisions

- **Start Up/Inception**
  - Roles/Responsibilities Plan
  - Scope Management Plan
  - Cost Management Plan
  - Schedule Management Plan
  - Communication Plan
  - Quality Management Plan
  - Risk Management Plan
  - Change Management Plan
  - Work Breakdown Structure
  - Final Work Plan and Schedule
  - Performance Management Plan
  - Requirements Analysis, Validation, and Development Plan

- **Elaboration Deliverables**
  - System Design Plan

- System Development Plan
- Testing Plan
- Implementation and Deployment Plans
- Requirements Methodology and Template
- Cross-walk and Validation of Functional Requirements
- Detailed Functional and Non-Functional Requirements Traceability Matrices
- SOA Handbook
- SOA Functional Requirements
- SOA Non-Functional Requirements
- System Architecture
- SOA Models
- SOA Transition Plan
- Functional Design Document
- Technical Design Document
- Solution Implementation Design

- **Construction Deliverables**
  - Security Plan
  - Disaster Recovery / Business Continuity Plan
  - Infrastructure Services Plan
  - System Development Deliverables
  - Test Deliverables
  - System Testing Test Results
  - System Readiness Certification for UAT
  - Site Readiness Report
  - UAT Report
  - FAT Report

- **Transition Deliverables**
  - System Operations Documentation
  - Data Conversion and Synchronization Plan
  - Training Plan
  - Training Materials
  - Infrastructure Services Deployment Report
  - System Maintenance, Support, and System Transition Plan
  - System Incident Reports – Warranty
  - Corrective Maintenance Reports
  - System Source Code and Documentation

- **Production Support Deliverables**
  - Tier 2 Help Desk Plan – M&O
  - System Incident Reports – M&O
  - Adaptive Maintenance Reports

- System Enhancements Reports

- **Closure Deliverables**
  - Updated System Source Code and Documentation – Phase Completion and Project Closeout

IE Major Tasks and Deliverables

Based on CGI's contract documentation, the following are the proposed major tasks and deliverables. This list was developed using the multiple sources of tasks and deliverables and is evolving as this report is presented.

- **Project Initiation and Status**
  - Project Status Reporting (Recurring)
  - Project Kickoff Presentation
  - Roles and Responsibilities Plan (HR Plan)
  - Scope Management Plan
  - Cost Management Plan
  - Schedule Management Plan
  - Communication Management Plan
  - Quality Management Plan
  - Risk Management Plan
  - Change Management Plan
  - Work Breakdown Structure
  - Final Work Plan and Schedule
  - Performance Management Plan
  - Requirements Analysis, Validation, and Development Plan
  - System Design Plan
  - System Development Plan
  - Testing Plan
  - Implementation and Deployment Plans

- **Requirements Development**
  - Requirements Methodology and Template
  - Detailed Requirements Traceability Matrix
  -
- **System Design**
  - System Architecture
  - Functional Design Document
  - Technical Design Document
  - Solution Implementation Design
  - Security Plan

- Disaster Recovery and Business Continuity Plan
- Capacity Plan
- Infrastructure Services Plan

- **Testing**
  - System Testing – Test Results
  - System Readiness Certification for UAT
  - Site Readiness Reports
  - UAT Report
  - FAT Report
  - Pilot Plan
  - System Pilot Evaluation Report
  - System Operations Documentation

- **Deployment**
  - Data Conversion and Synchronization Plan
  - Training Plan
  - Training Materials
  - Infrastructure Services Deployment Report
  - System Maintenance, Support, and System Transition Plan
  - System Incident Reports – Warranty
  - Corrective Maintenance Reports
  - Configuration Management Plan and Infrastructure, System Source Code and Documentation

- **Maintenance and Operations**
  - Tier 2 Help Desk plan
  - System Incident Reports – M&O
  - Adaptive Maintenance Reports
  - System Enhancement Reports

3.0 ACQUISITION COST ASSESSMENT

This section provides information and analysis on the costs of the proposed HBE and IE solutions.

Following is a summary of the costs associated with acquisition of vendor contracts and implementation of the State's solutions for HBE and IE. This summary was derived through a review of State budget information and CGI's proposal, contracts, and subcontracts, and in collaboration between the DVHA Finance Director and BerryDunn.

3.1 Solution Cost Summary

Conventionally, the Project Cost Summary section of the Independent Review are disassembles solution costs into their constituent hardware and software components, with consideration also given to project management expenses for implementation and any additional staffing adjustments outside of project management that are required to ensure the solution is realized. The HBE and IE projects are unconventional in this regard, given the relatively large number of contracts and individual budget components. Additionally, the contract documents and other artifacts provided by DVHA infrequently parse out the hardware, software, and service components of a procurement. This makes the task of establishing a standard implementation costs table considerably difficult.

It should also be noted that Vermont State government has begun to more routinely establish contracts with vendors that emulate cloud computing models, where at least the hardware components required to produce a solution are owned and operated by the vendor. This reduces the State's inventory, hardware, and maintenance costs, while also increasing the reliability of the end solution.

As detailed in Appendix B, the total costs to support the HBE and IE solutions through calendar year 2014 are estimated at $278,883,038. Subsequent years' costs are comprised largely of operations and maintenance expenses, and are estimated to add an additional $156,689,493, for a total five year project cost of $427,500,415.

Table 4 compares known funding sources with estimated five-year project costs.

Table 4 – Estimated Total Implementation Costs

	Through CY 2014 Estimated Totals	CY 2015 through 2018 Estimated Totals	Estimated Total
Funding	Vermont has received approximately $129M in Exchange grant funding and will be using 90/10 funding for the IE project. Additional federal funds will be sought for the HBE project implementation, and ongoing operations for both projects will come from a variety of state and federal funds.		
HBE	$132,406,254	$91,709,363	$224,115,617
IE	$71,685,850	$22,800,000	$94,485,850
Staff, State MOUs, Operating Expenses, and Other Costs	$74,790,934	$48,235,110	$123,026,044
		Total Estimated 5-year Projection	**$427,500,415**

Ongoing maintenance, support, and hosting fees were not included in many of the HBE document artifacts provided by the State. Software industry vendors typically allow for ongoing annual maintenance budgets at approximately 20% to 25% of implementation costs. Many of these unknown operations and maintenance costs for the HBE and IE solutions were estimated using a rate of 22% of implementation costs, increasing 5% in year 2 and annually thereafter.

3.2 Independent Review Findings

Seven of the 65 findings identified in this Independent Review are associated with Acquisition Costs.

Finding 1: The contract with CGI as systems integrator for the HBE solution was acquired using Vermont's transitive procurement process. Recognizing the tight federal timelines for implementation of systems needed for the HBE, Vermont relied on a procurement process that leverages procurements already conducted in other states to retain CGI as their systems integrator. This contract has been amended three times since December 2012.

Finding 2: The majority of non-CGI contracts involved in acquiring the HBE solution have been executed. While BerryDunn has been informed that there is potential to return to parts of existing contracts for negotiation on costs, the majority of contract expenditures have already been agreed to for the HBE solution.

Finding 3: Acquisition costs for Vermont's HBE solution are not presently finalized. Due to a number of open procurements or unfinalized amendments, the total acquisition costs of the

HBE solution is not solidified, but is likely within a range of $200M to $300M, which is within a range of costs observed in other states electing to create an Exchange.

Finding 4: CGI's Contract documents include both a provision for liquidated damages as well as a cap on payments for those damages. Based on documentation provided by the State during this Independent Review, it appears that the contract with CGI for systems integration services includes a section that imposes substantial liquidated damages on CGI for failing to attain performance and delivery milestones that would serve to reimburse the State; however, the contract also includes a substantial cap on those damages, described in Exhibit C of the contract documents, that may limit the amount of risk borne by the vendor.

Finding 5: CGI's revised Cost Proposal for the Integrated Eligibility solution is not available. While an estimated value of $70M has been discussed during BerryDunn's interviews with project staff, the actual cost proposal by CGI for this solution is not yet finalized, and it is therefore not possible to assess the value of their proposed software, hardware, or other component costs.

Finding 6: Ongoing maintenance and operations costs for a number of components of the HBE project are currently estimates. Based on available documentation, there are a number of costs associated with operations and software maintenance for post-implementation years that are presently

Finding 7: At the time of this Review, existing funding sources for Exchange establishment do not cover anticipated expenses through 2014. The State is anticipating another Exchange establishment grant from the Centers for Medicare and Medicaid Services, and is in the process of preparing a third Level 1 request. If this grant is approved, the State anticipates that they will have adequate federal funds to support the development and first year operations of the HBE solution through 2014.

4.0 TECHNICAL ARCHITECTURE REVIEW

This section provides information and analysis on the technical systems involved in the HBE and IE projects. This section looks at how the systems in these projects address the technical capacity needed to meet the State's HSE objectives.

Strategically, the design for the Vermont Health Services Enterprise (HSE) is a modular, scalable, portable solution that leverages service-based open architecture standards. The State of Vermont procured core infrastructure components as part of its Service Oriented Architecture Infrastructure and the vendor needs to leverage these components to the fullest extent possible. These components are part of an Oracle Suite consisting of Oracle Policy Automation (OPA), Master Data Management (MDM), Identity Management (IDM), Enterprise Services Bus (ESB), and Workflow (see the full list of Agency licensed Oracle products in section 2.5.1). The requirements and goals of the HSE are in alignment with the strategic vision of the State (set forth in the 2013-2018 IT Strategic Plan) to:

- Leverage IT successes in other states
- Leverage shared services and cloud-based IT
- Leverage modern IT delivery frameworks
- Align the technology workforce to adapt to IT trends
- Couple IT with business process optimization
- Optimize IT investments via EA, PM and PPM methodologies.

Due to the timeline of the ongoing Integrated Eligibility procurement by the State, it is important to understand that as of the time of this review, a technical architecture for the IE solution has not yet been defined.

4.1 Support for the State's Strategic Enterprise Systems Direction

Although the HBE and IE solutions are being built by CGI under different contracts, these systems are being categorized as Release 1 and Release 2 (respectively) of the HSE platform. Consisting of a variety of SOA-compliant Oracle components, it is the State's vision that future expansions to the HSE will be modular components of the Oracle-based platform that will occur in staged releases.

In the enclosed Risks & Issues Management Plan, BerryDunn describes a risk associated with deploying the proposed application in an "external cloud" environment. The State is in the early stages of defining policies and procedures associated with externally hosted applications and data. Multiple "cloud based" solutions are currently being utilized by the State, including DBA,

middleware, infrastructure, and application support services. While the intricacies of hosting large systems such as the HBE and IE solutions on an external cloud environment should be fully investigated moving forward, it is important to note that the design of the HSE platform is closely aligned to the six key points set forth in the State's 2013-2018 IT Strategic Plan. The transitive procurement process utilized for the HBE has allowed the State to leverage IT successes from other States (namely Hawaii and Colorado) while the externally hosted, SOA-compliant Oracle-based HSE platform leverages a modern IT delivery framework while allowing the State to adapt to future IT trends.

Security Analysis

CGI is contractually obligated to satisfy the Non-Functional Requirements (NFRs) set forth by the State of Vermont in their design and development of the State's HBE solution. Forty-nine security-related requirements are included in the State's comprehensive list of NFRs. At this point in time, we believe that these 49 security-related requirements represent the currently defined "scope" for security of the HBE and IE implementations. We also understand that CGI is responsible for developing a Security Plan deliverable, which will be used to fully define how security will be implemented in the future environment.

Although it is plausible that some State of Vermont requirements may be put off for consideration at a later date due to impending Federal deadlines, DII has indicated that they do not expect any security-related requirements to be pushed back. As noted in CGI's HBE System Design Document, the VT HBE solution has been identified as having a system security level of "Moderate." FIPS PUB 199 details three security levels: low, moderate and high. These levels are indicative of the potential impact that could be experienced by the State if a security breach were to occur. Under a "moderate" security classification, it is anticipated that the potential impact of a security breach involving the CGI HBE solution could be expected to have a "serious adverse effect on organizational operations, organizational assets or individuals." While this classification is important to the State, DII resources have expressed to BerryDunn that there is not a high level of concern regarding the security of the CGI HBE solution. Because the State's HBE system will be hosted at CGI's Federal Hosting site, the State is able to leverage the proven and widely-accepted security principles that have been put in place to govern CGI's operations, as is consistent with the State's long term vision to utilize shared services and cloud-based IT solutions.

While the primary and secondary HBE hosting sites that will be utilized for these projects has not yet been certified as IRS 1075 compliant, an amendment to the CGI contract has been formulated and formal acceptance by CGI and currently pending with the State. The State believes that IRS 1075 compliance for both hosting sites will be cemented before the launch of HSE Release one on October 1, 2013.

Disaster Recovery Plan

As of the writing of this Independent Review report, CGI has not provided the State with a comprehensive Disaster Recovery Plan. CGI will be utilizing a "mirrored" backup hosting site

located in Philadelphia, PA that will guarantee a recovery time of four hours or less with fewer than thirty minutes of lost data.

Although State resources are confident in CGI that they will meet the security-related requirements that they are accountable for, it is expected that a comprehensive Disaster Recovery / Business Operations Continuity Plan will be developed by the vendor and agreed upon by the State by July 22, 2013, as set forth in CGI's list of deliverables.

State-wide WAN/LAN Impact
The HBE solution currently being developed by CGI is a hosted, web-based solution. This requires no desktop application components and will be accessed using a standard web browser. Because the CGI HBE system is a fully SaaS (Software as a Service) cloud-based solution, it is anticipated by DII that the impact to the State WAN will be either minimal or nonexistent. As defined in CGI's System Design Document, the Vermont HBE system is "a collection of online applications delivered as Software-as-a-Service in a cloud computing environment." As part of this delivery model, CGI is responsible for all service delivery layers including all hardware and software that comprise the cloud infrastructure, as well as service management processes.

Vermont web traffic for the HBE solution will be hosted at two sites, one in Montpelier and the other in South Burlington. These sites will manage State traffic between Vermont and CGI's Federal Hosting site in Phoenix, with intermediary sites in Nebraska and Kansas.

Overall, the State's decision to utilize CGI's cloud hosting facility aligns with the overarching vision for Vermont IT solutions going forward. The State has exhibited a high level of confidence in CGI due to their involvement with the Federally-based HBE system and will realize numerous benefits from leveraging a trusted, pre-existing hosting solution.

4.2 System Integration Requirements

A SOA model is used by CGI to integrate internal and external applications with the HBE solution. This provides a configurable integration portal through which all outgoing and incoming data will pass. This complies with the State's direction of service orientation and enables a large degree of flexibility.

While many software implementations involve integrating one new solution into a pre-existing technical architecture, this project sees the State procuring an entirely new platform in accordance with mandates set forth by the Affordable Care Act. Because the State must comply with policies and procedures mandated by the Federal government for State-based exchanges, Vermont reports that this an advantageous position due to CGI's involvement in developing other State-based exchanges as well as the Federally-based exchange. By utilizing a transitive procurement process in which work completed for the State of Hawaii was leveraged by Vermont as a "head start," a high level of confidence exists within the State HBE project team

that the components of this solution will met Federal requirements with minimal need for configuration or custom development.

As indicated by State HBE project resources, the scope of procurement for exchange-related activities can be described as “80% COTS (Commercial-Off-The-Shelf), 15% Configuration and 5% Development.” While the Exeter and OneGate solution will afford the exchange with a high amount of requirements being met “out-of-the-box,” the system integration efforts that will be necessary for the HBE and IE solutions are estimated to be satisfied through interfaces with the State’s pre-existing mainframe ACCESS system. To meet the Federal requirements necessary for the October 1, 2013 go-live of the HBE solution, the first step of an ongoing “ACCESS remediation” process has been put in place to provide the HBE solution with MAGI-eligibility determination capabilities.

To complete the work necessary to provide the HBE solution with MAGI-eligibility determination capabilities by October 1, 2013, the State has issued the first of predictably numerous “ACCESS remediation” amendments to CGI’s contract. The work involved with this first piece of ACCESS remediation has been separated into two pieces, tasking CGI with completing work necessary for the “to-be” functionality of the HBE while Maximus has been chosen to focus on the mainframe side of this interfacing process, augmenting their current ACCESS system operations monitoring contract that is already in place with the State.

Although future ACCESS remediation processes have not yet been finalized, the State has faced a challenge with many vendors and State staff believing to understand what the system will do, without understanding how these functionalities will be implemented. Because the State’s mainframe ACCESS system has been determined to be obsolete and unsustainable, DII has expressed concern with developing complex, “live” interfaces between ACCESS and the HSE to accomplish future eligibility determination functionality. As eligibility information is relatively static, devoting large amounts of time and capital to developing live interfaces between ACCESS and the HSE may be an unnecessary endeavor for the State. By augmenting functionality of the HSE with direct, live interfaces to the ACCESS system, the State would be creating a long-term dependency on a system that is envisioned to be phased out over the next ten years. Going forward, it will be vital for the State to investigate and spread awareness of how Vermont’s business needs for the HSE can be satisfied with minimal reliance on the ACCESS system.

As indicated by State project resources, Maximus currently employs numerous individuals who were once employed by the State to develop and maintain the ACCESS system. This institutional knowledge is critical to the State for future ACCESS remediation work. As previously mentioned, continuous development of interfaces to the mainframe ACCESS system will likely increase reliance on this aging and obsolete platform. When coupled with consistent sole-sourcing of remediation work to Maximus, this could limit the State’s opportunity for solutions that provide the same benefit at a lower cost with less reliance on ACCESS.

4.3 Ability of the Technology to Support the Business Needs

Although the State has transferred all responsibility for developing, implementing and maintaining the HBE system to vendors, DII has expressed concern that AHS hiring and staffing policies have not been re-designed in accordance with the State's need for enterprise architecture, project management, data analysts, and business process experts. By continually assigning technically-oriented employees to State project teams, the State may not be fully maximizing the advantages that exist through off-loading technical responsibilities to vendors. The State's long-term vision for the HSE platform is that business needs will be handled by the States' enterprise-architecture experts, while technical responsibilities will be managed by applicable vendors. By not appropriately staffing project teams with enterprise architects, project managers, data analysts, and/or business process experts along with a lack of clear direction for how current IT employees will need to shift roles, there are worries that the AHS-appointed project staff are not transforming by offloading technical responsibilities to the contracted vendor.

As described in the Independent Review Risk Register, no formal Transition Plan has yet been created to guide current State employees through the necessary transformations required to implement the HSE. Through the creation of a formalized Transition Plan that is collaborated upon by applicable State agencies involved in the implementation of the HSE, the State could not only have a comprehensive reference guide for future operations but would also be able to ease the anxiety of current State staff who, although they have not been involved in HSE projects hands-on, will see a drastic shift of their day-to-day responsibilities through migration to the HSE Platform.

4.4 Vendor Compliance to Required Project Policies, Guidelines and Methodologies

While CGI is contractually obligated to meet the functional and non-functional requirements created by the State, a comprehensive Requirements Traceability Matrix (RTM) document is currently under development. Until the State has seen exactly how the CGI solution satisfies these requirements, it is difficult to determine if the HBE or IE will support the business needs of the State.

While the CGI solution will be tailored to meet the Federally-mandated requirements set forth by CMS, Vermont is a unique State with individualized business needs, such as the Vermont-specific Healthcare subsidy provided by the State to reduce the out-of-pocket costs of citizens. The current overwhelming concern among project stakeholders is that too many State resources may be focusing on the technical structure of the HSE solution rather than the unique business needs of the State.

Due to the customer service requirements of a Health Benefits Exchange, the State's contracted call center vendor will play a large role in integrating CGI's solution with the business needs of

the State. The current call center contract with Maximus has been amended to extend and expand the Scope of current operations. It is estimated that upon go-live of the HBE system, Maximus will experience a growth in call volume from 6,000 per month to approximately 70,000 per month during the first year of operations. Through discussions with the vendor, BerryDunn has learned that Maximus will transition from 25 full-time employees to approximately 70 full-time employees to accommodate the expected boost in call volume. It will be vital for the State to work closely with Maximus going forward as they will be one of the primary points of entry for consumers to the HSE platform.

4.5 Independent Review Findings

Thirty-four of the 65 findings identified in this Independent Review are associated with Technical Architecture.

Finding 8: The HBE and IE systems are phased releases of the HSE platform. Although they are under different contracts, the HBE and IE systems will be Release 1 and Release 2 (respectively) of the State's Health Services Enterprise (HSE) platform.

Finding 9: The HSE platform has been built with various Oracle components and is designed to be reusable and scalable for future implementations (HSE releases).

Finding 10: The State of Vermont Department of Information and Innovation (DII) is currently focused on establishing an Enterprise Architecture (EA). As set forth by the State's five year IT Strategic Plan released in 2013, there is an ongoing shift towards leveraging economies of scale through utilizing enterprise licensing models. The Oracle-based nature of the CGI HBE system aligns with this vision by creating a platform that will be easily scalable for future projects, allowing for data and services to be passed between vendors with minimal rework.

Finding 11: The State of Vermont has set forth six Strategic Principles in their 2013-2018 IT Strategic Plan. The six strategic principles dictated in Vermont's 2013-2018 IT Strategic Plans are as follows:

- Leverage IT successes in other States
- Leverage shared services and cloud-based IT
- Leverage modern IT delivery frameworks
- Align the technology workforce to adapt to IT trends
- Couple IT with business process optimization
- Optimize IT investments via EA, PM, and PPM methodologies

Finding 12: A transition plan has not been created to guide the Agency of Human Services (AHS) through transforming in accordance with the vision of moving towards an Enterprise Architecture. As of the time of this Independent Review, a formal Transition Plan

has not yet been created to serve as guidance for Enterprise Architects, data analysts, project managers and business process experts.

Finding 13: The HBE solution will be hosted at CGI's "Federal Cloud Hosting Site" in Phoenix, AZ with a Disaster Recovery site in Philadelphia, PA. The State's HBE solution will be hosted at CGI's "Federal Cloud Hosting Site" in Phoenix, AZ. This "external cloud" solution will minimize the need for the State to store HSE data locally while also meeting rigorous security standards. Although these hosting sites have not yet achieved IRS1075 accreditation, a contract amendment is in place stating that CGI must meet this requirement.

Finding 14: State Policies and procedures regarding Cloud technology have not been fully developed and vetted. DII indicated that the State has drawn up a cloud-hosting Enterprise Architecture that has not yet been finalized.

Finding 15: OneGate is commonly mistaken as the HBE/IE "solution." Although Exeter's "OneGate" software serves as the front-end of the Oracle platform, it is not truly a solution but rather an aggregation of code that is fed with Oracle Siebel data. Running on a LifeRay server, OneGate acts as an accelerator that comes pre-configured with OPA rules for federal regulations. The "out of the box" functionality of OneGate will allow for the State to meet many eligibility determination guidelines before any customization/configuration of the tool.

Finding 16: An Oracle Master Data Management will be lightly utilized for the HBE solution but heavily utilized for the Integrated Eligibility System. As indicated by DII, the State will be utilizing Oracle Master Data Management as part of their HSE Architecture to serve as a master person index (the ability to locate a specific individual in multiple different systems/databases). The use of this tool will be limited for Release 1 of the HSE but will greatly expand in scope for Release 2 (Integrated Eligibility System).

Finding 17: External to the Maximus-owned call center contract, CGI owns all responsibility for building the HBE solution. Although many vendors have been subcontracted by CGI to perform various functions within the HBE, CGI acts as an umbrella for all of these additional contracts and thus owns all responsibility for building the HBE solution. The following vendors have been subcontracted by CGI as part of the HBE implementation:

- Benaissance – Premium Processing. Amendment 2 (SOW #2).
- Maximus – ACCESS Remediation. Amendment 2 (SOW #3).
- Jellyvision – Online portal customer assistance. Amendment 3.

Finding 18: A scope of work related to integration between the HBE and the legacy ACCESS mainframe system was carved out of the IE procurement and added to the HBE implementation in order to meet perceived requirements for October 1. In order to achieve desired eligibility processing functionality in the HBE by October 1, the scope of work for MAGI determination capabilities was removed from the IE procurement and instated as part of the HBE implementation. The State is using a two-pronged approach towards this remediation

process, with CGI focusing on the Exchange side of the process while Maximus concentrates efforts on the legacy mainframe ACCESS system. To prevent a conflict of interest between the work of the Maximus team on ACCESS remediation and other Maximus duties, an amendment to the Maximus call center contract was created. CGI's efforts on the Exchange side of the ACCESS remediation process are set forth in SOW #3.

Finding 19: The State's ACCESS system is built on obsolete software and is not sustainable. According to research conducted by the VT Department of Children and Families (DCF) and Gartner, *"The ACCESS database management system (ADABAS) and its programming language (Natural) are effectively obsolete."* As indicated by the State, current plans call for a progressive "roll-off" from ACCESS to the HSE platform but timelines for this process have not been solidified.

Finding 20: Benaissance has been sub-contracted by CGI to handle premium processing. Through integrating the Benaissance premium processing application with PeopleSoft through the Vermont Enterprise Service Bus (ESB), the State will be handling premiums directly. The integration of premium processing with the underlying Oracle HSE platform is another way in which the State is utilizing this scalable infrastructure.

Finding 21: Maximus, DVHA's current call center vendor, will experience an estimated growth in call volume from 6,000 calls per month to 70,000 calls per month upon HSE Release 1. As described in Maximus call center Contract Amendment #2, Maximus has contracted with the State since 1996 and their services have been extended to June 2014. Upon go-live of HSE Release 1, it is estimated by the State that Maximus will experience a growth in monthly calls from 6,000 per month to 70,000 during the first year of the HBE. Maximus currently has 25 call center Full Time Equivalents (FTEs) and will be increasingly this number to approximately 70 by September 1, 2013.

Finding 22: The long term vision for the Health Services Enterprise Program is that there will be interfaces with "dozens" of systems. While interfaces with external systems are limited for the scope of HSE Release 1, it is anticipated by the State that "dozens" of interfaces will be implemented in the future as the HSE platform grows.

Finding 23: The ACCESS remediation process set forth by SOW #3 is the first of many remediation projects that will need to take place as the HSE grows in scope. While the first piece of ACCESS remediation that is detailed in SOW #3 focuses on MAGI determinations, many more remediation projects will need to take place in the future for the capabilities of the HSE to expand. This process will be especially important during the implementation of the IE system (HSE Release 2) to ensure compliance with the Federal government's "No wrong door" policy regarding eligibility.

Finding 24: Some of the original programmers who were involved with ACCESS during its infant stages are now employed by Maximus (vendor). As the State begins the process

of slowly rolling off of the mainframe ACCESS system, this finding will be immensely important. The State of Vermont has formed a close relationship with Maximus and being able to take advantage of the institutional knowledge possessed by these former ACCESS programmers will be advantageous to the State.

Finding 25: It is estimated by the State that the scope of the HBE solution will be 80% COTS, 15% configuration, and 5% development. While these numbers will not be finalized until scope clarification has been provided by CGI, these figures demonstrate the perceived "head-start" that was achieved by the State through the use of a transitive procurement process along with utilizing Exeter's OneGate software.

Finding 26: CGI has not provided a list of standard functionalities for the HBE system to the State. It is estimated that a list of HBE standard functionalities will be given to the State by CGI on May 24, 2013.

Finding 27: Oracle Business Intelligence Enterprise Edition (OBIEE) will be used for report generation as part of the HBE solution. OBIEE will provide the necessary components for the State to generate reports for HIX, State, Federal entities, Employers and "other entities as defined."

Finding 28: WebCenter (also known as Oracle Document Management) will be the software tool used for document management in the VT HBE solution. WebCenter will be used to store and retrieve user-submitted documents such as birth certificates, passports, driver's licenses, etc.

Finding 29: HSE Release 1 will be capable of supporting 85,880 users (400 concurrent). Vermont's current population has been used as a basis for these figures and the system is designed to handle expected increases in client load.

Finding 30: The overall development lifecycle of HSE Release 1 will be managed with a Waterfall methodology. As indicated by CGI's Detailed System Design document, the State of Vermont has requested that the HBE implementation follow a Waterfall methodology.

Finding 31: The VT HBE is comprised of six environments. The VT HBE solution is comprised of the following six environments:

- Development (Non Production)
- Testing (Non Production)
- Training (Non Production)
- Staging (Production)
- Production (Production)
- Disaster Recovery (Production)

Finding 32: Based on the FIPS 199 system categorization process, the VT HBE solution has been identified as having a security level of "Moderate." FIPS PUB 199 dictates that the potential impact of a security breach is moderate if "the loss of confidentiality, integrity, or availability could be expected to have a serious adverse effect on organizational operations, organizational assets, or individuals." In general, State and project resources do not have concerns regarding security due to the proven nature of the CGI system and its components.

Finding 33: CGI has not yet developed or submitted a Disaster Recovery Plan for the HBE. Although this plan has not yet been submitted to the State, there is a high level of confidence that this plan will be utilized to formalize security/DR principles & standards that have already been agreed upon in other documents.

Finding 34: It is anticipated that the implementation of the HBE system will pose no impact to the State's WAN. Primary State WAN traffic for the HBE will be handled through a dedicated AT&T 10MBps between data centers.

Finding 35: The CGI HBE solution is a completely hosted, "external cloud" system. No local installations will take place on any State computers as part of this solution.

Finding 36: Due to tight Federal deadlines, some requirements may be pulled from CGI's scope and revisited in the future. While the scope of CGI's responsibility regarding State requirements may be altered to meet Federal deadlines by delaying specific requirements, it is the belief of DII that no security related requirements will need to be delayed.

Finding 37: It is estimated by DII that future interfaces with the mainframe ACCESS system could utilize FTP pulls of data rather than establishing live interfaces. By utilizing timed FTP pulls of data from the mainframe ACCESS system to feed data into the IE system and forgoing live interfaces, the State could lessen their dependence on a system that is desired to be phased out completely in the future.

Finding 38: CGI is required to follow the Non-Functional Requirements (NFRs) set forth by the State. Because CGI is mandated to follow the Non-Functional Requirements set forth by the State, confidence exists among State resources that the technology being built by CGI will integrate with the business needs of Vermont.

Finding 39: As indicated by DII, it is important that State resources focus on the business functions of the HBE and IE solutions and allow applicable vendors to focus on the technical aspect of the HSE platform. Vermont has numerous vendor contracts in place which task said vendors with developing and integrating the technical architecture of the HBE and IE solutions. With State staffing already heavily compressed, DII believes that it is important for Vermont resources to focus on the business functions of these systems while allowing CGI to focus on the technical work that they have been contracted to perform.

Finding 40: Forty-nine security-related requirements have been set forth by the State in their list of Non-Functional Requirements. CGI is contractually obligated to fulfill all non-functional requirements; \however, the dates of fulfillment for some non-functional requirements may be pushed past the October 1, 2013 go-live of HSE Release 1.

Finding 41: As of the time of this Independent Review, the primary CGI hosting site in Phoenix, AZ and the Disaster Recovery site in Philadelphia, PA are not yet IRS 1075 compliant. A contract amendment is currently in place between the State and CGI to ensure IRS 1075 compliance by October 1, 2103. This amendment includes liquidated damages to be paid to the State by CGI if IRS 1075 compliance is not achieved by the required date.

5.0 ASSESSMENT OF IMPLEMENTATION PLAN

This section provides information and analysis on the CGI implementation plan for the HBE and IE releases of the Health Services Enterprise. Specifically, it addresses the proposed timeline, vendor and State staffing, project scope, implementation approach, the training methodology, and other considerations.

5.1 The Reality of the Timetable

Due largely to the unprecedented scope of the requirements placed on state governments as part of national healthcare reform, and due to the finite opportunities that states have to obtain enhanced funding for healthcare related IT projects, the implementation timeframes for both the HBE and the IE systems are inherently challenging. Particularly with Exchange related projects, the practicality and reasonableness of the scope and timeframe is part of a continuing national dialogue with the Centers for Medicare and Medicaid Services which continues to change and evolve as major functional milestones approach. Effectively, the timetable is unreasonable, but the major factors controlling this are not in the purview of the State of Vermont nor the vendors involved in the projects, and the following sections are written with this understanding.

5.1.1 Health Benefit Exchange (HBE)

Federal rules require that the HBE solution be deployed for its first open enrollment period on October 1, 2013. Although individuals will not begin receiving coverage on October 1, the system must be capable of making determinations for the various health insurance affordability programs offered through the Exchange. Individuals must be able to apply through means outlined in federal regulations and the Maximus call center must be ready to take calls from Vermont applicants who need assistance.

In order to accommodate this tight timeframe, the State has used several strategies to hasten the implementation of the HBE system. The State chose to pursue a transitive procurement for the HBE, opting to partner with CGI. The State chose CGI because this vendor was also building HBEs in Colorado and Hawaii, which share similar requirements to the State of Vermont. The transitive procurement process has allowed Vermont to leverage project artifacts from those states; for example, the Project Plan was adapted from the one used in Hawaii.

CGI has subcontracted with Exeter Consulting to implement the OneGate and LifeRay solutions. OneGate provides a preconfigured set of business rules that comply with federal requirements. LifeRay provides the consumer facing portal for the HBE. Although untested on the scale of the Vermont HBE, these two solutions act as accelerators, eliminating design and development work around business rules and the consumer facing portal.

At the time of the Independent Review, the project team was in the process of identifying which business processes are essential to day one operations. However, these efforts have been hampered by the lack of a clearly defined scope from CGI for their work on the HBE. The lack of

scope has hampered the State's ability to plan for testing, training, and staffing, and has made determining the feasibility of the timeline required by the federal government difficult.

In addition to the lack of a clearly defined scope, at the time of this review CGI had not provided level of effort estimates or a solid number of full time employees that will be dedicated to the HBE. The lack of clarity around the CGI's anticipated level of effort greatly concerned many project team members we spoke with.

Despite concerns with project documentation from CGI, we found a growing sense of confidence among the project team members that the HBE would be implemented and would go-live for October 1, 2013. This confidence was driven by the finalization of several critical contracts, hiring of consultants to fill testing and training management positions, and continued work with CGI to secure the delivery of the project scope and level of effort estimates.

5.1.2 Integrated Eligibility (IE)

Although the IE project does not have the immediate deadline faced by the HBE, enhanced federal funding for the implementation of Medicaid IT systems expires on December 31, 2015. Given the vast scope of the IE project, this timeline presents concerns. Of particular concern are the continued delays in finalizing the contract. In the proposal originally submitted by CGI, it was assumed that the project would kick off on March 25, 2013. At the time of this review, nearly two months after that anticipated kick-off date, the contract is still not final.

The project schedule provided with CGI's proposal for the IE will be implemented in a series of releases that progressively remove services from ACCESS overtime and transfer them to the new eligibility system (the IE). Phase 1 of the IE constitutes the block of work required for ACCESS Remediation and has been pulled out of the IE contract and integrated into the HBE. According to the project schedule provided with CGI's proposal, Phase 2 of the IE project is slated to be completed by December 31, 2013, Phase 3 will be completed by December 31, 2014, and Phase 4 will be completed by December 31, 2015. To our knowledge, these due dates do not reflect the two-month delay in kicking off the IE project.

Despite these projected completion dates, concern exists on the project team around the scope of the IE project, especially with regard to where the Master Data Management and Identity Management systems will reside. The project schedule provided by the vendor with their proposal assumes unrealistic staffing levels for the duration of the project. For example, the schedule assumes 75 FTEs working eight-hour days for the duration of the project. If CGI is not able to deliver the level of effort that is assumed in its project schedule, it may not be able to meet the timelines laid out in the project schedule. In addition, as discussed in further detail in the Organizational Readiness section, there is concern about overburdening the staff at the Economic Services Department, which could slow progress on the State side of the IE project.

5.2 Adequacy of the Vendor's Proposed Risk Management Plan

Risk management is a critical aspect for both the HBE and IE projects. The scale and compressed timeline associated with both of these projects makes risk tracking a paramount concern, and an aspect of the vendor's project management plan that should not be overlooked. CGI delivered a risk management plan with its HBE project management plan; however, it appears to be a generic plan and does not align with the risk register in use by the State of Vermont project team. At the time of the Independent Review, CGI was in the process of updating its project management plan, which may include a tailored risk management plan.

Although not specifically included in the Risk Management Plan, the federally required Contingency Plan is also a critical part of managing risks. In the Project Management Plan provided by CGI, two different due dates for the Contingency Plan are listed July 22, 2013 and August 12, 2013. In the most updated HBE work plan created on April 29, 2013, the contingency plan was scheduled to be completed by June 18, 2013. None of these dates appear to align with the CMS deadline for contingency plans, which is March 31, 2013. The Project Management Plan does not clarify the difference between these due dates, nor does it allude to the federal contingency plan submission deadline.

The IE proposal submitted by CGI does not include a formal risk management plan, but states that such a plan would be included in its Project Management Plan. The proposal includes a discussion of the principles that guide CGI's approach to risk management, such as planning, identification, analysis, prioritization, response, contingency planning, tracking, and configuration control. The proposal also includes a summary of typical risk areas in IT projects. These are generic principles and do not appear to be tailored to addressing risks unique to implementing an integrated eligibility system.

5.3 Adequacy of Design, Conversion, and Implementation Plans

5.3.1 HBE Design, Conversion, and Implementation Plans

CGI delivered a System Design Document, dated April 25, 2013, that reviews a wide range of design aspects for the HBE solution. Additionally, the HBE Project Management Plan Version 3.0 delivered by CGI on February 21, 2013, indicates that there are a number of additional design-related deliverables. These are listed in the table below:

Title	Due date in Project Management Plan
State Interfaces Design Document	4/12/2013
Federal Interface Design Document	4/12/2013
Carrier System Interface Design Document	4/12/2013
Exchange Accounting System Interface Design Document	4/12/2013
Database Design Document	5/8/2013

In the System Design Document, one of the assumptions provided is that data for the HBE will be provided and that no conversion will be required. Since the HBE project involves the implementation of an entirely new system, this assumption is valid and a formal data conversion plan is not applicable. CGI is expected to provide a formal Implementation Plan for the HBE project; however, documents reviewed during this Independent Review indicated that the plan is not slated for delivery until July 22, 2013.

5.3.2 IE Design, Conversion, and Implementation Plans

Due to the fact that the Integrated Eligibility project scope has changed and negotiations with CGI are underway, a set of revised proposal documents from the vendor have not been provided to the State. As such, there are no formal design, conversion, or implementation documents that are current to the planned IE project.

5.4 Adequacy of Support for Conversion and Implementation Activities

In accordance with the State's vision to move towards an Enterprise Architecture ideology while tasking vendors with technical responsibilities, the State has worked hard to ensure that the proper contracts are in place to allow State resources to focus on the business-related activities of implementing the HSE Platform. Through choosing CGI as the vendor for the HBE and IE implementations, the State is able to leverage IT successes in other states while at the same time implementing a modern IT delivery framework and utilizing cloud-based IT services.

During discussions with various State and vendor project resources, it was indicated that a recurring concern is a lack of staff availability. As of the time of this review, there were approximately twenty vacant positions within the CGI HBE project team. The State also continues to be stretched thin by the large workload and tight deadlines necessary to launch the HBE system on October 1, 2013. While in many projects it is possible to assess the adequacy of support for implementation activities by mapping out the practicality of deadlines and levels of effort, these projects are governed by strict Federally-mandated deadlines that do not allow for schedule slippage to impact the final go-live date. Additionally, the level of effort required by CGI for the HBE implementation has not yet been finalized and will not be available until the submittal and State approval of the upcoming Scope Clarification Document that is expected from CGI on May 24, 2013.

5.5 Adequacy of the Vendor's Training Plan

As of the writing of this report, a formal, detailed Training Plan does not yet exist. CGI has provided the State with a high-level, seven page overview of proposed training efforts for the HBE system. This overview identifies the anticipated learning groups as well as the learning content for these groups. According to the list of deliverables from CGI's Project Management Plan, "Training Materials" and "User Manuals" are scheduled to be delivered to the State on September 9, 2013, less than one month before the planned go-live of the HBE system on October 1, 2013. As of the time of this Independent Review, there is no formal agreement between the State and CGI on the scope of the training effort, duration of the development of training materials, or the execution of the overall Training Plan. As procurement efforts with CGI for the IE solution are still in progress, no formal Training Plan has yet been provided to the State for this implementation and there is currently no scheduled date for the submittal of this deliverable.

According to State project resources, Vermont will be responsible for all training documentation and procedures that fall outside of the "standard functionality" of the CGI HBE solution. At the time of BerryDunn's interviews with State and vendor project staff, a scope clarification document was in the process of being approved by both parties that would finalize scope for the State and allow them to begin the formulation of training procedures that will fall under their responsibility.

It is expected that Maximus, the State's call center vendor for the HBE solution, will experience a growth in call volume from six thousand calls per month to approximately seventy thousand calls per month upon the launch of HSE Release 1, training of Maximus staff to handle this influx of consumer inquiries will be imperative for the successful implementation of the HBE solution. Through a conference call with Maximus call center resources, BerryDunn learned that Maximus will be training staff on all seventeen of the applicable HBE-related systems, along with providing HIPAA training and annual Security, Ethics, and Compliance training. Maximus plans to leverage back-up call centers to handle overflow volume from their primary Vermont call center site.

5.6 Adequacy of Planned Testing Procedures

As with the Training Plan, formal and detailed Testing Plans for the HBE and IE solutions do not yet exist. According to CGI's Project Management Plan, a Test Plan for the HBE solution was forecasted to be delivered to the State by May 16, 2013 although as of the time of this review this plan is currently in draft format. State project resources have indicated that the finalized HBE Testing Plan will be used as a baseline for future IE testing procedures. Along with leveraging the CGI "Testing Center of Excellence" in Texas for testing procedures, project resources indicated to BerryDunn that Vermont will be utilizing over 500 test scripts for the HBE system that were developed for other States, namely Hawaii. As detailed in the accompanying

Risks & Issues Register, it will be important that the State fully understand these test scripts and analyze how they could potentially need alteration to synchronize with Vermont State-specific needs. The draft Test Plan provided by CGI indicates that HBE integration testing will begin on May 22, 2013 with a targeted completion date for all testing of August 30, 2013, approximately one month before the proposed October 1, 2013 go-live of the HBE system.

As with the Training Plan, the State will be responsible for testing-related functions that do not fall within the CGI standard HBE system functionality, which should be derived from the aforementioned Scope Clarification document currently being finalized by the State and CGI. Due to a lack of project staffing, the State has hired an outside consultant to lead testing procedures, while lower-level testing positions will be filled by the State as necessary.

5.7 Independent Review Findings

Fifteen of the 65 findings identified in this Independent Review are associated with the Implementation Plan.

Finding 42: The HBE project has a work plan with specific deliverable due dates, and the team is managing from that plan. During our onsite visit, we noted that the HBE project team has an updated timeline for the project posted in the workspace, which shows that status of major milestones and deliverables. This planning document, in addition to a number of additional State and vendor planning documents, accurately plot and track the progress being made on the project. In our discussions with team members about the work plan that the timeline is based on, it became clear that the team places a high priority on completing or mitigating delays related to the completion of deliverables that are past due.

Finding 43: The original IE proposal assumed a project kick off of March 25, 2013. Given that six weeks have passed since the assumed kickoff date and the contract has still not gone final, the time table for project completion will likely be delayed.

Finding 44: CGI's HBE contract includes a clause dictating that Federal updates will be adopted throughout the project as they are made available. This clause serves to reduce risk for the State, as CGI is contractually obligated to be agile regarding updates to Federal guidelines. As of May 2, 2013, all applicable changes have been adopted by CGI without the need for a formal change request.

Finding 45: The State of Vermont adopted CGI's HBE Project Plan for Hawaii and compressed it to meet State deadlines. While this aspect of the transitive procurement allows for Vermont to utilize work completed in other states, risk is introduced through following a project plan that was not specifically developed for the State of Vermont.

Finding 46: The Scope of the HBE systems' functionality has been determined to be 80% COTS, 15% configuration, and 5% development. CGI has not determined the level of effort

for the configuration and development required to implement the system. As indicated by project resources, this breakdown represents the benefit of utilizing a transitive procurement process. One example of a configuration item is coverage areas being mapped to Vermont zip codes, while an example of a development item is integrating the Vermont-specific State subsidy that is provided to benefit packages to reduce out-of-pocket costs for consumers.

Finding 47: Test results on core HBE functionality from Hawaii's HBE solution will be used as verification for Vermont's HBE solution. Additionally, Vermont will have access to over 500 test scripts that have been developed for other states, which they can use at their discretion during testing.

Finding 48: CGI is responsible for system-based training, while Vermont will be responsible for all training items external to the HBE system. Training items related to State specific policy items that are not part of the core CGI HBE system will be the responsibility of the State of Vermont.

Finding 49: There have been several amendments to the HBE contract since it was first signed. Amendment one was to the CGI contract, amendment two pulled the Benaissance all payer claims system under the HBE project, and amendment three deals with ACCESS Remediation, which was pulled out of the Integrated Eligibility System contract. Amendment three also resulted in a corresponding amendment to an existing Maximus contract to handle part of the ACCESS remediation process. These contract amendments have also resulted in updated SOWs for the HBE project.

Finding 50: Project health, as reported in Gartner status reports, has been flagged as red for the past six weeks (as of May 2). The HSE Bi-Weekly Program Status measures project health by three indicators, Scope, Schedule, and Budget. The May 2 status report indicates that all three of these areas are in the red. The Scope is listed in the red due to the presence of urgent and high priority issues and risks. The schedule is in the red due to concerns with the project plan that is on file from CGI. The budget is listed in the red because budget estimates are not aligned with true project estimates.

Finding 51: Twenty-nine organizations submitted applications to serve as navigators. The State expects to select the Navigator organizations at the end of May.

Finding 52: Maximus, a vendor on the IE project, now employs several of the developers who wrote the code for the ACCESS mainframe system. The State feels that this is a strong advantage for the project due to the interfaces with the ACCESS system that will be required.

Finding 53: There does not appear to be a consensus about the future of the ACCESS system. During interviews, several timeframes for the ACCESS system retirement were discussed, including 4-6 years, 5-7 years, and 10 or more years. This lack of clarity and

consensus about the future of the ACCESS system is likely a source of anxiety for the staff that currently work with the system.

Finding 54: The HBE Project Risk Register currently holds 29 open risks and does not appear to be updated regularly. Nineteen of these risks are past the target close date, 18 are listed as High Priority, and four are listed as Urgent. All of the urgent risks are listed as past due. As an example of the register not being maintained regularly, risks 24 and 31 appear to relate to October 1 requirements that fell under the IE contract. However, the portions of the IE contract with October 1 deadlines have been rescoped under the HBE contract. There is no discussion of this mitigation action in the risk register. The April 30 IE Risk Register holds 92 open risks. Seventy-two of the 92 open risks do not have a priority associated with them. Nine of the open risks are ranked as urgent. Seven of the 9 urgent risks are overdue and the other two do not have due dates associated with them. It is clear that the IE risk register is not maintained regularly.

Finding 55: CGI has not delivered a final testing plan to the State. As of May 2, the latest version of the testing plan was in draft form. In the May 2 draft testing plan, the scope of the unit/integration and system testing is not yet fully defined. The testing plan indicates that the scope will, "Continue to be refined as we move toward the contents of the first release of the engagement." In the May 2 draft of the testing plan, 121 of the 175 functional areas that require testing are listed as having 0 test cases. Although CGI indicates that it plans to continue updating the test plan, and some of these functions will be tested by the State, this number shows that much work remains to be done to build out this testing plan.

Finding 56: All CGI test cases will be approved by State staff before testing commences. Since CGI plans to leverage test cases developed for other State implementations, State validation of the test scripts will be critical to ensuring that the tests have been appropriately customized to Vermont's unique circumstances.

6.0 ASSESSMENT OF ORGANIZATIONAL READINESS

This section provides information and analysis on the readiness of the State and CGI to implement and operate the Health Benefit Exchange (HBE) and Integrated Eligibility Platform (IE) components of the Health Services Enterprise (HSE).

This section assumes that the HBE and the IE are individual components of the HBE. Based on this assumption, this section combines the assessment of organizational readiness for these two projects into a single section.

6.1 General Project Acceptance / Readiness of Staff

Implementing and operating the HBE and IE components of the HSE requires significant support from the State and vendor project teams. This section provides a summary of the findings associated with the State's and the vendor's readiness to implement these systems in the timeframe required by the federal government.

6.1.1 State Staffing

At this time, accurately gauging the readiness of State staff to successfully implement the HBE and IE projects has proven extremely challenging, due in large part to a lack of completed project documentation from the vendor. As described previously in this review, CGI has not yet delivered a final scope for the October 1 release of the HBE. Due to recent changes in the scope of the IE project, the estimated levels of effort in the work plan provided with CGI's proposal for the IE project may no longer be accurate. Evaluating organizational readiness for these projects is also inhibited by the lack of a detailed staffing plan for either project.

DVHA is currently actively working to fill numerous gaps on the project team. Project leadership indicates that they have found it difficult to locate applicants who have both the technical skills and the healthcare experience to immediately contribute to the project. Difficulties in locating qualified project team members are exacerbated by competing efforts from vendors to hire project staff locally. DVHA has pursued alternative staffing strategies given these constraints. For example, the recent addition of two consultants to head up the training and testing areas eased the burden of staff shortages on the State. However, other key positions still remain to be filled.

Our findings indicate that recruiting qualified staff to operate the ACCESS system is becoming increasingly difficult due to the age of the system. At the same time, retaining current staff who have the knowledge and experience necessary to maintain the system, is growing increasingly difficult as the future of the ACCESS system becomes more uncertain. Although there is a common understanding that the ACCESS system will be retired in the coming years, there is broad uncertainty across the State and vendor staff regarding when this retirement will occur. During our discussions with State staff we heard wide ranging timeframes. The team currently maintaining the ACCESS system is adversely affected by this uncertainty.

The HBE and IE releases of the HSE will also impact staffing in other State agencies. Numerous staff members have been pulled away from their regular duties and assigned work related to the HBE, often in addition to their normal responsibilities. A look at these other agencies also further illustrates the difficulties around staffing that the HSE project is experiencing.

6.1.1.1 DII

DII has contributed several team members to the HBE effort, including over a dozen project managers to the Enterprise Project Management Office under the oversight of Desai Management Consulting. DII also has six other positions slated to be assigned to the HBE project, including three enterprise architects, two senior system developers, and an Information Systems Security Director. All of these positions, with the exception of one Enterprise Architect position, remain were vacant at the time of this Independent Review.

6.1.1.1.1 AHS

AHS will contribute 18 full-time employees to the HBE development effort. Twelve of the 18 positions are in the AHS Information Technology department, and 10 of the 12 positions were vacant at the time of the Independent Review. The vacant positions are largely Enterprise Business Analyst positions. Outside of the IT department, four of the six positions dedicated to the HBE are vacant, which includes all three Training and Change Management Specialist positions.

6.1.1.1.2 Department of Financial Regulation – Insurance

The DFR Insurance department is contributing five full-time, two half-time, and two less than half-time positions to the HBE project. All of the DFR positions dedicated to the HBE project were filled at the time of the Independent Review.

6.1.1.1.3 Vermont Department of Health

The Vermont Department of Health is contributing three full-time and one part-time staff member to the HBE project. Only one of the positions from the Department of Health dedicated to the HBE project was vacant at the time of the Independent Review.

6.1.1.1.4 Economic Services Department

There is particular concern among State staff about the ability of the Economic Services Department (ESD) to keep up with the amount of work expected of them for the IE project. Project status reporting indicates that staff fatigue, attrition, and loss of institutional knowledge are all possible given the burden of work placed on the staff in that office.

6.1.2 Vendor Staffing

The vendor is experiencing staffing difficulties similar to those faced by the State of Vermont. Project staff indicates that the vendor is experiencing difficulty locating qualified employees in

the local community to build out its HBE team, which has been the targeted area for hiring due to the quick turnaround required by the transitive procurement process. Unfortunately, the extent of these difficulties is clouded by the fact that CGI has not provided a detailed staff plan and scope for the project. As discussed in the Implementation Plan section of the Independent Review, prompt delivery of these project artifacts is essential to verifying and supporting CGI's ability to ensure organizational readiness upon system go-live on October 1, 2013.

Staffing concerns also persist on the IE project. Although CGI has provided a work plan that includes hours and a project schedule, the size of the project team implied by these documents is unrealistic. The plan provided by CGI assumes that there will be 75 team members working full time on the project. Unfortunately the plan does not provide a team roster, and it is unclear whether these individuals will be pulled into the Vermont IE project, from elsewhere around the country, or if CGI plans to hire these individuals. Given the difficulties that the State of Vermont and CGI have experienced in hiring locally for the HBE project, any plan to hire more than a minimal number of IE team members locally would be fundamentally flawed.

A separate vendor, Maximus, will handle the HBE call center, which will assist Vermonters in filling out applications over the phone, answer questions about the application process, and provide other support services. This aspect of the HBE project also requires a significant increase in staffing. However, these staff members will not require the challenging combination of technical and subject matter expertise required of project team members on the CGI and State of Vermont project teams. Maximus indicates that they will hire around 45 additional full time employees to staff the call center, raising the total number of call center employees from 25 to around 70. To accommodate these new employees, Maximus is expanding its current call center facility. At the time of the Independent Review, the Maximus call center contract had only recently been kicked off; therefore, it is unclear what level of success the vendor is having in filling the required call center positions.

6.2 Adequacy of Department and Partner Staff to Provide Project Management

The leadership structure of the assigned project managers is a critical success factor for this project. This section provides a summary of the findings related to the Enterprise Project Management Office (EPMO), the State Project managers, and the CGI Project Managers.

6.2.1 State EPMO Project Oversight Management

The Vermont EPMO has dedicated a large number of staff members to the HSE project and specifically the HBE and IE releases. EPMO's staff are integral to the success of the HBE and IE projects, and are involved in virtually every component of these projects. The EPMO presence on the HBE project is led by Vijay Desai, of Desai Management Consulting based in Williston Vermont. Beneath Vijay, three other project managers from the EPMO are also assigned to the HBE project: Josh Krieger, Tony Thibault, and Henry Huston.

Tom Papp is the lead on the IE project. The organizational chart for the IE project, lists four other positions that are dedicated to Project Managers from the EPMO. One of these positions, titled “Project Manager - Legacy Data Cleanup / Archive Project” is currently unfilled. Venkat Ramanujam currently fills two of these positions: “Project Manager - Legacy As-Is BPA” and “Project Manager - Legacy ACCESS Decomposition.” The final position dedicated to an EPMO team member is titled “Project Manager - Legacy Mainframe Upgrades” and is held by Jana Riddle.

6.2.2 State Implementation Project Management

On the HBE project, the State Business Lead is Exchange Deputy Commissioner Lindsey Tucker, while the Technical Lead is Chief Technology Officer Mike Morey from the DII. Beneath Deputy Commissioner Tucker in the organizational structure are Director of Information Technology, Justin Tease, Director of Operations Paul Hochanadel, Policy Analyst Erick Carerra, Policy and Planning Chief Cassandra Gekas, and Director of Education and Outreach Sean Sheehan. It is important to note that none of these senior level positions on the HBE project are currently vacant.

On the IE project, IE Program Director Beth Rowley acts as the Business Lead and Rick Ketcham and Paul Haigh act as the Technical Leads. In the organizational structure for the IE project, beneath Beth Rowley and Project Manager Tom Papp, there are twelve high level Project Manager, Subject Matter Expert, and Business Lead positions that are integral to project success. At the time of the Independent Review, ten of the twelve positions are filled, and, as described above, two positions are filled by one EPMO Project Manager. The table below lists these positions and the team members assigned to each:

Type of Position	Title	Team Member
Project Manager	Legacy Data Cleanup / Archive Project	Vacant
Project Manager	Legacy Mainframe Upgrades	Jana Riddle
Project Manager	Legacy As-Is BPA	Venkat Ramanujam
Project Manager	Legacy ACCESS Decomposition	Venkat Ramanujam
Subject Matter Expert	Legacy System ACCESS BA/self-attestation	Lauren McTear
Subject Matter Expert	Mainframe DBA/Security	Craig Benson
Subject Matter Expert	SOA	Jack Green
Subject Matter Expert	Enterprise BA/SA	Sherry May
Business Lead	Healthcare Rules and Business Processes	Vacant
Business Lead/Owner	COB	Lori Collins

Type of Position	Title	Team Member
Business Lead/Subject Matter Expert	Non-Healthcare	Pam Dalley
Subject Matter Expert	Enterprise Architecture Technical Lead	Rick Ketcham / Paul Haigh

6.2.3 Vendor's Implementation Project Management

The Project Manager on the CGI HBE team is Kathy Arle. Ms. Arle is holds one of six key staff positions established by CGI in their February 21, 2013 Project Management plan (Version 3). It should be noted that in the February plan, the HBE project Manager is listed as Patrick Pearson; Mr. Pearson is no longer the HBE Project Manager. The other key staff positions are Account Manager, Technical Manager, Development Manager, Implementation Manager, and Quality Manager. In the Project Management Plan all five of these additional positions are filled in the Project Management Plan.

The Project Manager on the CGI IE team is Steve Olson and according to the proposal submitted by CGI, Mr. Olson is supported by six other key staff members from CGI or their subcontractors. It should be noted that one of these individuals, John Walz holds the position ACCESS Remediation Manager and since this proposal was submitted, ACCESS Remediation has been pulled from the IE project and moved to the HBE project via contract amendment. The other key positions are System Architect, Interface/Technical Manager, Business Analyst/Functional Lead, Implementation Manager, and Operations Lead/Manager. In the proposal, each of these positions is filled by either a CGI team member or a subcontractor. The CGI proposal does not offer additional detail about the team members that will fill lower level positions, but indicates that it will leverage its national and international staff to ensure appropriate staffing.

6.3 Ability of the User and Operational Staff to Integrate Solution into their Work

6.3.1 Health Benefits Exchange

Gauging the readiness and ability of users and operational staff to integrate the HBE into their work is difficult at this point in time due to several issues. The primary difficulty for evaluating integration is the lack of a clearly defined scope for which services will be included in the October go-live and which services will be released at subsequent dates. The ability of users and operational staff to integrate the solution is tied directly to the quality of the training that these individuals will receive. To date, a clearly defined training plan does not exist, because of the questions around scope (this issue is discussed further in the Implementation Plan section of this report).

Given that the HBE is a new system, there is a lack of experienced users for new users to turn to with questions and concerns. This is also true with regard to questions posed by the public to

customer support representatives in the call center. On October 1, the customer service representatives will be totally reliant on the three weeks of training they received for their understanding of the system; there will be no reservoir of prior experience to draw on when answering questions from the public.

The same is true for Vermont citizens who will be using the HBE for the first time. This convergence of inexperience could prove to be problematic for the State, and can only be mitigated by strong training for call center employees, and effective public outreach before go-live. Questions also persist about the ability of operational staff to integrate the HBE into normal operations of the State Medicaid agency, in particular there appears to be uncertainty around the business process that underlies the transfer of client data from the HBE to the MMIS. At the time of the Independent review it appears unclear whether on October 1 the ACCESS system will be needed to facilitate this transfer or if a direct interface from the HBE to the MMIS will be available.

6.3.2 Integrated Eligibility

While the phased implementation of the IE project serves to ease the users and operators into the new system, it forces the State to maintain both systems for the duration of the IE implementation project. The State should expect this to place an added burden on technical staff that is shared between the two systems. This poses a challenge for these operational staff to integrate the IE into their day to day work.

The IE system represents a major departure from the system that is currently used in Vermont, and has been used for decades, to determine eligibility for State assistance programs. Organizational change on this scale requires careful implementation and planning. At the Enterprise level, a Change Management Committee exists, which is tasked with managing and coordinating three specific plans: a leadership campaign, a participation plan, and a communication plan. It is unclear, however, what level of change management planning is being done at the IE project level and to what extent existing planning relates to the retirement of the ACCESS system. Ensuring a smooth transition from the ACCESS system to the IE is imperative to users and operators of the system being able to integrate the new system into their work.

At the time of this Independent Review there is great concern among the ACCESS technical staff about the implementation of the IE platform. These concerns cover a variety of topics including their future employment with the State, the timeframe for retirement of the ACCESS system, and the amount of additional work that will be required of the ACCESS system during the transition period from the mainframe to the IE.

The ability of both users and operators to effectively integrate the IE into their day-to-day operations will also be tied to the comprehensiveness of the training they receive on the system. At the time of this review, a detailed training plan for the IE system has not been provided to the State; therefore, it is not possible to evaluate whether planned training will be sufficient to bring users and operators up to speed on the new system.

6.4 Independent Review Findings

Nine of the 65 findings identified in this Independent Review are associated with Organizational Readiness.

Finding 57: The State has not adopted a formal change management plan. Although change management planning is occurring at the project and executive levels through the Change Management Board, a formal change management plan has not been adopted.

Finding 58: The State of Vermont Health Benefit Exchange project team benefits from strong project level leadership. Deputy Commissioner Lindsey Tucker and Director of Change Management Justin Tease appear to guide the vision for the project on the State project team. They are dedicated to the success of the project and benefit from strong senior leadership teams, who are dedicated to the vision for the HBE.

Finding 59: Attracting project staff with the experience, technical skills, and knowledge base necessary to make an immediate impact on the project is proving to be difficult for the State. At the time of the Independent review, 27 of 100 positions (not including an undefined number of positions that will handle appeals) related to the HBE project are currently open across the State government. The State is attempting to fill these positions but is experiencing difficulty doing so. Aggressive hiring by both the contractor and the State to fill required positions for the HBE project has significantly reduced the pool of qualified applicants.

Finding 60: Shifting focus away from ACCESS legacy mainframe system is causing concern among Department of Children and Families (DCF) technical staff, and exacerbating staffing challenges in that department. State staff indicate that it is challenging to find new staff with development expertise in the obsolete legacy mainframe. It is also challenging to keep current staff in their positions due to future uncertainty about the role of the mainframe system. The risk register for the HBE project states that concerns in the DCF department were exacerbated by the recent resignation of a long time staff member.

Finding 61: Current staff resources in the ACCESS Office are stretched very thin. The ACCESS system operates 10 times as many modules now compared to when it was first implemented. Since that time, there has been a net loss of three developers (from 17 to 14) in the office. This has strained these employees greatly. They are experiencing difficulty recruiting and retaining qualified employees who know the system and the programming languages that support the system. Many of the staff are new, having been in their positions for less than three years.

Finding 62: CGI has not provided a staff plan for the HBE project, nor have they provided hours estimates for the tasks listed on the project schedule. Without this information, it is impossible gauge the number of employees that CGI anticipates needing to successfully implement the HBE within the required timeframe. This lack of a detailed level of effort or

staffing plan should be addressed in the updated project artifacts that CGI is currently developing for both the HBE and the IE projects.

Finding 63: The staffing levels proposed by CGI in their initial IE project work plan are not realistic. Based on the number of hours and the duration of the project, the plan assumes 75 FTEs working eight hours per day for the duration of the project. In Phase 1, the system design phase assumes 81 staff working eight hour days and the system development phase assumes 62 staff working eight hour days. CGI is developing an updated work plan for the IE project due to recent changes in the project scope. Staff levels this high will likely require additional hiring in the local community by CGI to fill required positions. The State should note staff levels and CGI's plan for filling required positions in the updated plan to ensure that staffing levels are more realistic.

Finding 64: The State has assigned a task order to HES Advisors to develop a staff plan for the operation of the Health Benefit Exchange through 2017. This report is due to the State on August 15, 2013. According to the task order it will, "Identify staffing levels required to support ongoing operations for the Health Benefit Exchange, including related Medicaid and support functions, for period from today through 2014 Exchange go-live and to health reform operations through 2017."

Finding 65: The HBE Project team is organized in a matrix structure, with multiple State departments contributing staff with some team members only partially dedicated to the project. Numerous State agencies are contributing staff to the HBE and IE projects. These agencies include DVHA, ESD, DII, Vermont Department of Health, Department of Financial Regulation, and others.

7.0 COST BENEFIT ANALYSIS

This section provides costs and associated benefits associated with deployment of the proposed HBE system and services.

7.1 Costs

Please see the Acquisition Cost Assessment section in Section 3.0 above.

7.2 Benefits

Benefits associated with acquisition and implementation of the HBE and IE solutions were discussed with State and vendor personnel during interviews and subsequent discussions, and to some extent were included as part of the documentation provided by the State to BerryDunn. The benefits were categorized as Tangible and Intangible. The Tangible benefits are quantifiable, where a savings dollar value can be associated with each. The Intangible benefits are those that cannot be associated with specific dollar savings, but are imperative considerations when evaluating these projects, and overall Health Services Enterprise program to which they belong. It is not surprising that, due to the unprecedented scale of national healthcare reform, these projects do not support a positive Return on Investment (ROI) based on the identified Tangible Benefits, the Intangible Benefits which have been part of both national and State of Vermont healthcare reform dialogue for the past several years provide the justification for pursuing these projects.

7.2.1 Tangible (Quantifiable) Benefits

Below is a list of Tangible Benefits identified by the State. The estimated values (savings) associated with these Tangible Benefits were included in Appendix B Cost / Benefit Analysis, although estimates were not possible for several of these items.

- Avoided ACCESS mainframe chargeback fees
- Avoided ACCESS maintenance, coding, support, and change order costs
- Avoided federal penalties associated with inability to implement federally mandated projects due to the inflexible nature of the legacy ACCESS system that will be superseded by the functionality of the new IE solution
- Avoided ACCESS overtime and temporary staff costs
- Avoided DII invoice fees for use of the legacy ACCESS system for eligibility services

7.2.2 Intangible (Non-quantifiable) Benefits

Below is a list of Intangible Benefits associated with these projects which borrow from the overarching goals of national and Vermont healthcare reform initiatives. These benefits have no

quantifiable value, but are important considerations when determining when to conduct a technology refresh such as this project.

- Compliance with the Affordable Care Act
- Increased percentage of Vermont residents carrying an adequate level of health insurance
- Better access for Vermont residents to preventive services and normal care
- Better user experience with Vermont's public health service programs
- Streamlined processes for State government agencies
- Reduced erroneous eligibility or ineligibility for State service programs due to decrease reliance on, and eventual replacement of, the legacy ACCESS system
- Reduced uncompensated care to hospitals
- A new competitive marketplace for healthcare insurance products in the State

8.0 RISKS AND ISSUES MANAGEMENT PLAN

This Section describes the risks and issues, along with BerryDunn's recommendations for mitigation and management of them. This Section also includes narratives for each identified risk and issue describing the State's approach to mitigation and management.

The Risk and Issues Management Plan is the primary deliverable of this Independent Review of the HBE and IE projects. As a result of the interviews conducted during the weeks of April 29, 2012 and May 6, 2012, BerryDunn identified key findings in each of the following topic areas:

- Acquisition Costs
- Technical Architecture
- Implementation Plan
- Organizational Readiness

The findings were then analyzed to determine if they result in Risks, Issues, or neither. If the findings resulted in Risks or Issues, they were included in the Risk Register or Issue Log respectively. The Risk Register and Issue Log are provided in this section.

8.1 Definitions: Findings, Risks, Issues

BerryDunn identifies both Risks and Issues as a result of this Independent Review. The Project Management Institute (PMI) provides an important distinction between the two, and BerryDunn believes that this section must include a narrative regarding issues in addition to risks.

Finding: A relevant fact discovered during the execution of this Independent Review that may lead to one or more Risks and/or Issues.

Risk: Uncertain events or conditions, which, if they occur, have a negative effect on the project's objectives. Risks are events or conditions that may occur in the future.

Issue: An Issue is a situation which has occurred or will definitely occur, as opposed to a Risk which is a potential event.

8.2 Independent Review Risk Register

The following table defines the elements of the Risk Register:

Table 5 – Risk Register Element Definitions

Data Element	Description
Risk #	This is a sequential number assigned to each risk to be used when referring to the risk.
Risk Description	This is a brief narrative description of the identified Risk.
Finding Reference	This is a cross-reference to the Finding from which the Risk was determined.
Risk Impact / Probability	This is a two-value indicator of the potential impact of the Risk if it were to occur, along with an indicator of the probability of the risk occurring. Values: Impact (High, Medium, Low); Probability (High, Medium, Low).
Risk Impact Description	This is a narrative description of the potential impact of the risk.
Risk Response Recommendation	This field includes BerryDunn's recommendation on how the State should address the risk.
Recommended Risk Response Timing	This is value used to indicate whether the Risk is likely to occur Prior to contract execution or Subsequent to contract execution (e.g., the DDI phase). Values: Prior/Subsequent
Risk Management Plan	This field includes the results of discussions between State staff and BerryDunn regarding how the State plans to address the risk. This includes the State staff person responsible for managing the risk, the action plan to mitigate the risk and the timing of the action plan.

Risk #1	**Risk Impact/Probability:** HIGH/HIGH
Risk Description:	**No transition plan has been created (or communicated to staff) to handle the shift in responsibility of AHS-IT staff in accordance with the migration to the HSE platform.** As the State intends to move away from possessing a large amount of staff with "developer" capabilities and towards the use of open, scalable, vendor-hosted products in the cloud, it has been identified that AHS has no formal plan to adapt to this new vision.
Risk Impact Description:	Without creating a definitive transition plan for AHS-IT staff, many current AHS-IT resources may either leave their positions due to impending uncertainty or be placed into new roles that they are not adequately prepared to handle. Recognizing that a limited number of resources possess the institutional knowledge necessary to maintain the ACCESS system (the State has reported a 25% vacancy rate in positions supporting ACCESS), the impact of losing these members could potentially have negative impacts on the HSE program. Additionally, because the phasing out of the ACCESS system has been discussed throughout AHS for over a decade, many current employees may not believe that this migration is actually taking place.
Risk Response Recommendation:	AHS and DII should work collaboratively to develop a comprehensive approach to Change Management for this project. This approach to Change Management should come from leadership within DII and AHS. The strategy should also include how staff will be communicated with, including development of a "Transition Plan" that will help bridge the various levels of resources required to support the current environment, HBE, IE, and eventually the transition away from ACCESS. It is also important that this transition plan addresses how current AHS-IT staff will balance their workload between maintaining the mainframe ACCESS system and learning the intricacies of newly implemented systems.
Risk Mitigation Plan:	The State team agrees with the recommendation. Additionally, the agency-team mentioned it will be important to keep in mind that the requirement for a cloud-based, vendor hosted product has cost the State additional funds beyond that of purchasing a State run/hosted system. To the most reasonable extent possible, the future environment will need to take into account these additional costs and address how the organization intends to pay for them.

Risk #2	**Risk Impact/Probability:** HIGH/MEDIUM
Risk Description:	**Staffing difficulties at CGI may hinder the ability of the vendor to perform the desired systems integration work and adhere to project schedules.** Based on available documentation, there does not appear to be a clear understanding of vendor staffing vacancies, nor is there clarity around the underlying ideal staffing requirements.
Risk Impact Description:	Lack of an understanding of vendor staffing requirements could increase the potential difficulty of filling vacancies, or encourage vendor hiring personnel to work in a reactive mode rather than having a planned proactive approach to talent acquisition. These impacts would place additional stress on the ability of the vendor to perform as expected within the project schedule.
Risk Response Recommendation:	If not already included in some form, CGI should consider adding a staffing discussion to weekly update documents in order to facilitate a broader understanding of their current staff levels and the overall number of team members that are needed. CGI should provide level of effort estimates and show how they will be able to meet the project requirements with existing and anticipated staff levels.
Risk Mitigation Plan:	The State team agrees with the recommendation. The agency team reported that CGI is supposed to provide a resource loaded project plan and staffing plan (how soon they are hiring, what positions, etc.) for the HBE effort on 5/30. IE Staffing will come at a future time.

Risk #3	**Risk Impact/Probability:** HIGH/MEDIUM
Risk Description:	**The State is currently finalizing scope with CGI regarding the HBE implementation with only four months remaining until the October 1 deadline.** During interviews conducted as part of this Independent Review, State project management staff indicated that this document is currently under development by CGI. Continued delays in the provision of the detailed scope from CGI may negatively impact the project.
Risk Impact Description:	As the State continues to wait for a finalized HBE scope clarification document from CGI, they are unable to appropriately plan and allocate resources to the non-standard training and testing activities that will be the responsibility of Vermont.
Risk Response Recommendation:	The State should require CGI to provide the completed scope clarification document as soon as possible. Because the State does not know the scope of the training and testing procedures required of them without this completed document, they should not expend resources towards the development of these plans until scope is fully understood and agreed to by both parties to avoid completing work that could eventually be identified as the responsibility of the vendor.
Risk Mitigation Plan:	The State team agrees with the recommendation. By May 30, the State will receive v1.0 of the scope document from CGI plus non-IT scope. The State team also reports that the team is reducing the likelihood of the existing risk by reducing scope for October 1, so that things are becoming more manageable, even though the necessary plans may not exist at the moment.

Risk #4	**Risk Impact/Probability:** HIGH/MEDIUM
Risk Description:	**Although the ACCESS system has been determined to be obsolete and unsustainable, there is no definitive timeline of when the State will move away from the system completely.** According to various project resources, there has been no timetable created to map out the planned "roll-off" of functionalities from the ACCESS system to the HSE platform.
Risk Impact Description:	By continuing to utilize the ACCESS system by building a variety of interfaces to the HSE platform, it is unclear when the State will be able to move away from the system completely. By creating direct interfaces to an aging and obsolete system rather than migrating data to the new platform, the State could potentially carry the burden of needing to maintain not one but two large systems that are performing similar functionality. With no set timetable as to when ACCESS will be able to be shut down completely, the State will be concentrating development efforts on the HSE platform while building a strong reliance on a system that has been deemed unsustainable.
Risk Response Recommendation:	A definitive timetable should be created to provide guidance on when and how various functionalities will be rolled off of the ACCESS system and fully integrated into the HSE platform.
Risk Mitigation Plan:	The State team agrees with this recommendation. The State reports that an overall plan for transitioning off of ACCESS, including financial planning, needs to be developed. Additionally, limited ACCESS programmers and support staff will be busy conducting project work related to the HBE and IE efforts that will need to take priority over ongoing development activities within ACCESS.

Risk #5	**Risk Impact/Probability:** HIGH/MEDIUM
Risk Description:	**The IE implementation timeframe may exceed the Federal 90/10 funding timeframe, which could result in increased costs to the State.** Federal 90/10 funds for eligibility systems upgrades are offered only through December 31, 2015. There is a risk that the implementation plan for Vermont's upgrade could exceed this timeframe. A proposal for the IE implementation submitted by CGI in January showed a work plan starting in March 2013 and ending in March 2016, several months after the 90/10 funding is no longer available. The scope of the implementation has changed since that time, including the removal of ACCESS remediation for the Exchange, but the implementation timeframe is still likely to take all available time and runs the risk of extending past the 90/10 funding date.
Risk Impact Description:	If the IE implementation timeframe extends past December 2015, when the Federal 90/10 matching rate is set to end, this could mean that the State does not receive optimal Federal funding to pay for the project.
Risk Response Recommendation:	The State should continue to work with CCIIO/CMS to investigate ways to extend funding mechanisms to meet the shifting timelines of the HBE/IE project. The State should also continue to investigate alternative funding mechanisms outside of the ACA, such as Medicaid funds. Contingency plans should include timeline slippage past federal grant deadlines.
Risk Mitigation Plan:	The State team agrees with this recommendation.

Risk #6	**Risk Impact/Probability:** HIGH/MEDIUM
Risk Description:	**Without detailed project-level financial reporting, individual projects within the HSE program may overrun their budgets, or potentially be underfunded.** During the interviews and document reviews of this Independent Review, it did not appear that there was a budget-to-actual plan or set of resources available to understand actual expenditures. This risk is also present in the PMO vendor's risk register, supporting the probability that such reporting is unavailable or not widely distributed.
Risk Impact Description:	Cost overruns in projects have the potential to slow progress or drain financial resources from other projects. Conversely, a project that is underfunded due to misunderstanding the financial resources available, both progress and product may not achieve optimal results.
Risk Response Recommendation:	The State should identify if reporting is available for reasonably accurate estimation of expenditures versus planned budget. If this report already exists, it may be worth evaluating whether or not access to it is broad enough (ex. could project managers that focus on scope and schedule benefit from awareness of budget goals and financial resources). If adequate reporting in this area does not exist, the State should consider creating it using available financial information and staff resources. Additionally the State should continue to seek ways to extend grant funding as long as possible, and to look for continued ways to leverage available federal financial funds.
Risk Mitigation Plan:	The State team agrees with this recommendation. Grant Level 1 C was submitted and the State expects to hear back from CMS in late June or early July.

Risk #7	**Risk Impact/Probability:** MEDIUM/MEDIUM
Risk Description:	**Because the State adopted a CGI Project Plan developed for the State of Hawaii, there is a risk that the unique business needs of Vermont will not be fully accounted for within the HBE solution.** As part of the transitive procurement process utilized by the State for the HBE solution, a project plan developed by CGI for Hawaii was adopted and modified by Vermont to fit State-specific needs**.**
Risk Impact Description:	If gaps exist between the project plan created for Hawaii and the business needs of Vermont as set forth by the functional and non-functional requirements documents, the State may be implementing a solution that is not fully tailored to the unique needs of the Vermont HSE Platform. Ideally, a State-specific project plan would be created by the vendor that is tailored to Vermont-specific business requirements, although the State understands that the adoption of a pre-configured project plan is consistent with the transitive procurement process that was decided upon for this project.
Risk Response Recommendation:	Based on the interviews with State and vendor staff, Vermont is modifying project artifacts (such as the work plan) to be customized for Vermont. As CGI updates project artifacts like the project scope and the work plan, Vermont must continue to carefully review and modify these materials to ensure that they are appropriate.
Risk Mitigation Plan:	The State team agrees with the recommendation. By May 30, the State reports they should receive a Vermont version of scope. At the time of BerryDunn's review, a change control process was planned but had not been established, and the State has since reported that this process was successfully implemented.

Risk #8	**Risk Impact/Probability:** HIGH/LOW
Risk Description:	**CGI is expected to use some of the testing results from their project with Hawaii to validate components that are being reused in the Vermont solution; however, it may not be possible to determine if these tests are true validations of Vermont's customized environment.** The fact that a number of components of Vermont's HBE system are different from what is being developed in Hawaii imposes uncertainty in the use of test results from the latter as confirmation that the desired functionality is achieved.
Risk Impact Description:	Hawaii's testing results could be either false positives or false negatives relative to the results that would be acquired when running scenarios in a true Vermont test environment. This could lead to the misidentification of system functionality where it does not truly exist, or the failure to identify missing functionality.
Risk Response Recommendation:	The test scenarios that CGI proposes to use as surrogate validation for Vermont's HBE should be thoroughly evaluated for any possible loss of relevance imposed by the dissimilarities between the two State systems. Consideration should be given to whether or not this evaluation is worth the resource consumption it would require, relative to the resources that might be needed to mandate that the vendor complete a full set of Vermont-specific testing. It will also be important to develop traceability between the non-functional requirements identified by Vermont, and which test scripts are intended to ensure the requirement has been satisfactorily met. We understand that ALM is planned to be used to trace requirements for from specifications (FR/NFR) to test cases.
Risk Mitigation Plan:	The State team agrees with the recommendation. The State reports that the IV&V vendor has the responsibility of verifying the test plan, validating all scripts before CGI begins to carry out testing activities on behalf of the State, and ensuring that test results are not reused between the two states. Given this, the State believes that this risk is fully mitigated.

Risk #9	**Risk Impact/Probability:** HIGH/LOW
Risk Description:	**Some technologies, for example OneGate and LifeRay, are unproven for the uses for which they are proposed in the HBE project**. These technologies inherently introduce risk for reliability and functionality. We recognize that the State of Vermont's DII organization attempts to implement proven technologies wherever possible. The technology marketplace for Exchange software solutions is in its infancy, and that this may limit options for selecting only proven technologies.
Risk Impact Description:	Poor performance or failure of either of these technologies subsequent to deployment could adversely affect the functionality of the HBE system, resulting in poor user experience and increased support costs.
Risk Response Recommendation:	Consideration should be given to a testing plan for these technologies that will address the fact that they haven't be utilized in a similar State environment previously; stress and volume testing for example will be important, to simulate expected loads during live operation. To the extent possible, the State should also have contingency options prepared could be triggered, should these products result in failure.
Risk Mitigation Plan:	The State team agrees with the recommendation. The State reports that it has accounted for some instances of worst case scenarios as part of contingency planning, and they have documented alternative approaches. It is important to mention that the IE project has the distinct advantage of leveraging the results and lessons learned from the HBE project.

Risk #10	**Risk Impact/Probability:** MEDIUM/HIGH
Risk Description:	**There is a risk that the inflexible nature of the legacy ACCESS environment will create challenges when integrating components with new systems, or that some of the integration efforts may not be possible at all.** The ACCESS system is based on technologies that are no longer being employed, and the adaptation efforts required to establish functional connections with newer technology will be difficult to understand ahead of time.
Risk Impact Description:	Integration efforts, and the downstream components of projects relying on these implementation efforts, could take longer than anticipated, or require more resources than anticipated.
Risk Response Recommendation:	The State should accept that there is inherent volatility in any estimate of cost, scope, or schedule with regards to integration with the ACCESS system. This means that while planning projects that involve integration with ACCESS, to every extent possible, time should be afforded these projects to ensure ACCESS staff and the technical environment can be modified to support HBE project needs sufficiently.
Risk Mitigation Plan:	The State team agrees with the recommendation.

Risk #11	**Risk Impact/Probability:** MEDIUM/MEDIUM
Risk Description:	**Current State staff levels may not be sufficient to provide adequate input and guidance for all the activities required of CGI and other vendors to meet the HBE deadline of October 1.** We have seen the Systems Integrator role in several states requiring a high level of input from State business leaders in order to customize the solutions they are developing and help ensure the final product contains the full set of desired functionality.
Risk Impact Description:	Inadequate oversight and guidance for CGI and other vendors by business owners would most likely result in a system that does not meet the expectations of the State. A vendor that does not fully understand the State's operational business needs may also be less expedient in their development if the process for requesting this input is not something that has been clearly defined.
Risk Response Recommendation:	In a constraint-free environment, additional vendor support resources would be recruited; however, it was evident during this Independent Review that sourcing from the Burlington area is increasingly difficult. In light of this, the State should request that CGI provide a staffing model in order to better understand optimal staffing requirements needed to meet project objectives and timing given existing constraints on resource availability – particularly in understanding how CGI intends to engage State staff.
Risk Mitigation Plan:	The State team accepts this risk. There is a State staffing plan that has been developed and will need to be continually adjusted based on recommendations from CGI and changing project/program needs.

Risk #12	**Risk Impact/Probability:** MEDIUM/MEDIUM
Risk Description:	**There is a risk that the portion of HBE functional requirements that are documented as needing configuration and development could entail a disproportionately large amount of project work**. The 80% COTS / 15% Configuration / 5% Development percentages are based on the requirements. Although these proportions create the impression that the majority of work is included as COTS, this may not be an accurate depiction of how resources will be consumed.
Risk Impact Description:	Using the functional requirement ratios to plan levels of effort could result in a misalignment of State resources for the project (either too high or too low).
Risk Response Recommendation:	As the State and CGI teams continue to prepare and plan for development, they should be cognizant that the functional requirement ratios are inherently risky when used as estimates for the level of resources required to complete the activity. As the State and CGI work to align requirements and business processes, the level of resources required by the configuration and development portions of the project should be identified and agreed upon.
Risk Mitigation Plan:	The State team agrees with the recommendation. The State reports that they are expecting clear level of effort in the work plan from CGI and Exeter with the OneGate project.

Risk #13	**Risk Impact/Probability:** MEDIUM/MEDIUM
Risk Description:	**The set of specific functional and nonfunctional requirements that will be met in October and the set of requirements that will be met after October both continue to be refined, and could result in heavier than anticipated development activities occurring after go-live.** The vast majority of the State's planning and development resources will be spent on implementing the requirements needed to achieve the minimum level of expected functionality for October. This could create a deferred inventory of unimplemented requirements needed for routine operations and result in an over-demand of staff resources subsequent to go-live.
Risk Impact Description:	If the State does not complete sufficient planning around the operations phase of the HBE project, the State may find that the system is operational on October 1, but that there are major gaps funding, staffing, maintenance, and other areas related to the ongoing operations of the system.
Risk Response Recommendation:	The State should clearly distinguish between requirements needed prior to October and those that can be developed later. Additionally, the State should establish resource allocations on the State and vendor side to support live operations (after October 1) and ongoing development work required to complete the scope that is no longer required prior to October. Based on project documentation, it appears that HES Advisors has been contracted to provide on an operational phase staffing model. It may be prudent for the State to ensure that HES Advisors includes an unknown amount of deferred development inventory from DDI, particularly at the start of the operational phase, in their formulation of the staffing model.
Risk Mitigation Plan:	The State team agrees with the recommendation. HES Advisors are starting approximately the first week of June, and will be assisting with scope analysis.

Risk #14	**Risk Impact/Probability:** MEDIUM/MEDIUM
Risk Description:	**The level of effort required to integrate legacy State systems with newly implemented HSE releases is unknown.** While it is estimated by State staff that many additional ACCESS remediation processes will need to take place as the HSE platform expands, it is unknown how much time, effort, and financial resources will be necessary to facilitate these projects. Along with interfacing to the ACCESS system, many other pre-existing State systems will need to be interfaced with releases of the HSE Platform, such as the State's VISION system that handles payment processing.
Risk Impact Description:	It is clear that the State will want to utilize the institutional knowledge of Maximus employees who were once developers of the Vermont ACCESS system. While this presents a clear advantage to the State, it is important to examine how and when these further remediation processes will take place to avoid said Maximus staff being too entrenched in one project to sufficiently help another if there is overlap. Although interfacing with the ACCESS system is the current priority of the State, it is highly likely that other pre-existing State systems will need to be integrated with the HSE Platform in the future as functionalities expand.
Risk Response Recommendation:	The State should create a roadmap of all impacted legacy State systems that will need to be completed for the HBE and IE programs. Understanding HBE impacts should be made a priority due to impeding deadlines.
Risk Mitigation Plan:	The State team agrees with this recommendation. The PMO reports that there is no functional and technical roadmap which could act as a high level diagram that shows how this is going to work and what systems are going to be integrated. Gartner identified that there is a risk that the State of Vermont doesn't have a functional architect and these types of activities may require one.

Risk #15	**Risk Impact/Probability:** MEDIUM/MEDIUM
Risk Description:	**There is a risk that the security configuration for the future HBE environment may not meet the expectations of the State.** Although it is a planned deliverable to the State by CGI, a comprehensive Security Plan has not yet been provided.
Risk Impact Description:	Because only 49 of the non-functional requirements set forth by the State are related to Security, it is possible that this future deliverable will not be fully comprehensive to meet the needs of the State. There is a risk that HSE Release 1 may go live without security protocols being fully vetted and approved by the State. The non-functional requirements developed by the State include expectations for security.
Risk Response Recommendation:	Although the Federally-approved nature of CGI's system should make some aspects of security easier to manage, it is important the State ensure CGI is providing all necessary security safeguards as part of the HBE and IE solutions. The State should continue to work closely with CGI to prioritize security concerns to ensure that the HSE solution goes live with all necessary security components, features, and functions working as intended. We recommend that the EA team be responsible for assessing test results that ensure all functional and non-functional security related requirements for the HBE have been satisfactorily met for the HBE (October) deployment.
Risk Mitigation Plan:	The State agrees with the importance of this recommendation, and feels strongly the EA team's involvement sufficiently mitigates this risk.

Risk #16	**Risk Impact/Probability:** MEDIUM/MEDIUM
Risk Description:	**The Siebel CRM and OneGate training environments may not be available to Maximus by July 15.** As part of their presentation on implementation, Maximus documented that their current plan relies on the availability of these systems.
Risk Impact Description:	If the training environments for these systems are not available, it is possible that the implementation schedule for the call center could be delayed, and that call center services may not be available to support the launch of the Exchange.
Risk Response Recommendation:	The State project management staff should address this dependency between projects in accordance with normal project management practices, and work to ensure that support and direction is provided to CGI to help ensure that they complete the training release of these two systems.
Risk Mitigation Plan:	The State team agrees with this recommendation. The State expects that CGI will have access to the training environment by July 5 and will make it available to the State shortly thereafter.

Risk #17	**Risk Impact/Probability:** MEDIUM/LOW
Risk Description:	**The backup facilities that Maximus is planning to use to handle excessive call volume may not be properly trained to meet Vermont specific needs.** Amendment 2 of Maximus's contract with the State indicates that Maximus's call center will experience an estimated increase in call volume from 6,000 per month to 70,000 per month during the first year of HSE Release 1.
Risk Impact Description:	Maximus is planning to handle the anticipated increase in call volumes through increasing full time staff from twenty-five to approximately 70 FTEs. According to this amendment, Maximus "must employ sufficient staff to meet the needs of the eligible population" that are detailed within Section 18 of the contract, which sets forth SLAs regarding the handling time of calls but does not call for a specific number of employees. Because Maximus is planning to use backup call centers to handle excess call volume that cannot be managed by the primary site, there is a risk that these backup call center locations will have staff that have not been properly trained on the Vermont HBE system.
Risk Response Recommendation:	Although the approximately 70 FTEs that will be employed at the primary Vermont call center site will be prepared with applicable training by September 1, 2013 it is unclear if the staff at backup call centers that are planned for possible use will receive this training as well. The State should discuss this risk with Maximus to ensure that any staff assigned to the Vermont Health Connect account are fully trained on the intricacies of the Vermont HBE system as well as Vermont specific healthcare statutes and regulations.
Risk Mitigation Plan:	The State team agrees with this recommendation.

Risk #18	**Risk Impact/Probability:** MEDIUM/LOW
Risk Description:	**Qualified candidates for employment may not be available in the region to fill required State roles for the HSE project.** It was reported in interviews during this Independent Review that experienced and/or skilled personnel are not widely available for hire in the Burlington area.
Risk Impact Description:	The HSE project inherently requires a broad variety and abundance of skilled workers. The diminished availability of these workers, due both to the rural characteristics of the Burlington area and the over-sourcing of these individuals by many of the firms associated with the project, would result in an increase in the amount of effort required by existing staff and reduce project progress.
Risk Response Recommendation:	Optimal staffing resources may not be available in the current local market. The State should continue to look for optimal ways to communicate employment opportunities for the program and to seek qualified candidates in the area.
Risk Mitigation Plan:	The State team accepts this risk. The State has continued to augment program staff with contractors as appropriate to meet the interim need, and report that in regards to HBE the risk has largely been mitigated. Since the IE project has not yet begun in earnest, and staffing needs for that project are undetermined, this risk will need to be continued to be looked at and mitigated to every extent possible.

Risk #19	**Risk Impact/Probability:** MEDIUM/LOW
Risk Description:	**In addition to the federal subsidies that will be offered in the Exchange, Vermont has State-based "wrap-around" subsidies that will require additional customization and integration.** The State has a subsidy program that will need to be integrated into the HBE solution. This additional customization adds to the challenges faced by CGI as they develop the solution.
Risk Impact Description:	The introduction of a State-based layer of subsidy on top of the tax-based federal premium subsidies already available in the Exchange could create challenges for the vendor to develop and implement unique solutions, or compromise the functionality of the solution as developed.
Risk Response Recommendation:	During interviews and discussions held as part of this Independent Review, it was communicated that detailed plans exist for the integration of the HBE and the State business processes that support the "wrap-around" subsidies. The State has indicated that the scope of work involved in integrating the HBE with this subsidy is being effectively managed.
Risk Mitigation Plan:	The State has indicated that adequate risk mitigation is in place for this risk and concurs with the recommendation.

Risk #20	**Risk Impact/Probability:** LOW/LOW
Risk Description:	**The draft Test Plan provided by CGI describes testing procedures that may pose logistical risks relative to lag times between testing phases.** The high level test schedule included as part of the Test Plan (p. 30) shows activities occurring close to the October 1 go-live date for the HBE system, and also indicates that User Acceptance Testing will not be completed before Stress Testing begins. If complications arise from UAT testing after Stress Testing has started, the Stress Testing may not reflect the capabilities of the final product. If complications from the Stress Testing arise in the later timeframe, the October 1 go-live date could be jeopardized.
Risk Impact Description:	If complications arise from UAT testing after Stress Testing has started, the Stress Testing may not reflect the capabilities of the final product. If complications from the Stress Testing arise in the later timeframe, the October 1 go-live date could be jeopardized.
Risk Response Recommendation:	Based on the tight schedule of the HBE project, the options to mitigate this risk are probably limited, and it will need to be accepted. The State should request, if possible, that CGI should have the UAT testing entirely completed before Stress Testing begins, unless CGI has rationale that demonstrate that this is not necessary. The State should also request, if possible, that stress testing be advanced in order to allow for more time to address any issues identified before October 1. The State should review the final test plan for other logistical risks due to timing for the HBE project, particularly given progress on development activities, establishing necessary environments (development, test, production, etc.).
Risk Mitigation Plan:	The State agrees with the recommendation. The PMO asked CGI to provide a different environment to conduct UAT.

8.3 Independent Review Issue Log

The following table defines the elements of the Issue Log:

Table 6 – Issue Log Element Definitions

Data Element	Description
Issue #	This is a sequential number assigned to each issue to be used when referring to the issue.
Issue Description	This is a brief narrative description of the identified issue.
Finding Reference	This is a cross-reference to the Finding from which the issue was determined.
Issue Impact	This is an indicator of the impact of the issue. Values: High, Medium, Low.
Potential Impact Description	This is a narrative description of the impact of the issue.
Issue Recommendation	This field includes BerryDunn's recommendation on how the State should address the issue.
Recommended Issue Response Timing	This is value used to indicate whether the Issue should be addressed Prior to contract execution or Subsequent to contract execution (e.g., the DDI phase). Values: Prior / Subsequent
Issue Mitigation Plan	This field includes the results of discussions between State staff and BerryDunn regarding how the State plans to address the issue. This includes the State staff person responsible for managing the issue, the action plan to mitigate the issue and the timing of the action plan.

Issue #1	**Issue Impact:** HIGH
Issue Description:	**Delays in Federal guidance and the development of the Federal Data Services Hub, as well as delays in the release of updates to the System for Electronic Rate and Form Filing (SERFF), have made the planning of HSE releases difficult for the State.** This issue is widespread among states electing to do a state-based exchange, or other projects with federal dependencies, and is not unique to Vermont's projects.
Issue Impact Description:	Expectations around project scopes, schedules, and deadlines have had to adjust a number of times based on developments and announcements from regulatory or other integrally involved entities that are external to the State's domain of influence.
Issue Response Recommendation:	This is a broad reaching issue in healthcare reform, and is not presented in this Independent Review as something that is unique to Vermont's HSE program. The State should continue utilizing current approaches to adapting to fluctuating information, deadlines, and requirements, and continue to make efforts to ensure these adaptations are as comprehensive as possible given established deadlines.
Issue Mitigation Plan:	The State team agrees with the recommendation. The PMO stated that contingency plans are in place that address this issue.

Issue #2	**Issue Impact:** HIGH
Issue Description:	**CCIIO has required that States minimally define 70 core business processes to be defined as part of operational readiness for the Exchange prior to October 1, and some of these business processes have not been fully defined.** There are many downstream activities impacted by the definition of the business processes, including end-to-end testing, training, and overall operational readiness. Many states that have elected to do state-based exchanges are faced with the same kinds of challenges.
Issue Impact Description:	If business processes have not been determined, it is impossible to fully understand how, if at all, they will leverage functionality of the system, or if manual processes will need to be developed. These decisions may impact system requirements, testing, training, and overall operational readiness. There is a risk, that the system could be made operational, and be unable to support the business needs and expectations of its end-users.
Issue Recommendation:	The State is working on establishing a deadline date by which business process diagrams and corresponding operational decisions will be complete. We recommend (and the State is planning to) review and assess business process documentation in order to understand the impacts on the functional/non-functional requirements, configuration, design, development, and testing activities that will be required in order for the system to satisfactorily support core business operations as of October 1, 2013.
Issue Mitigation Plan:	The State team agrees with this recommendation. The PMO is working on BPM prioritization work-stream, so that they will find out the subset of processes that must be documented, configured, designed, developed, and tested in order to be operational by October 1.

Issue #3	**Issue Impact:** HIGH
Issue Description:	**There is no general consensus on the details of future HSE releases, especially with regards to ACCESS remediation work, among the many vendor staff working on the HSE in Vermont.** A lack of clear and consistent communication among State agencies and between the State and vendors has contributed to this confusion. Due to the high number of State staff involved in these projects along with the large amount of vendor staff involved, there are disconnects regarding the implementation of future HSE releases.
Potential Impact Description:	As indicated by DII, many State and vendor staff believe that they understand the full picture of the HSE roadmap while many key pieces of these processes have, in reality, not yet been developed. DII is wary of various State and vendor resources addressing the "how" without fully comprehending the "what," referring to the business needs that must be fully vetted before making decisions on the technical aspects of future HSE releases.
Issue Recommendation:	Decisions on the technical aspects of future HSE releases, mainly pieces involving ACCESS remediation, should not be discussed publicly until the business needs of the State have been fully understood and accepted. By commenting publicly on the technical nature of future HSE releases without fully developing and understanding the State's business needs, confusion could become rampant due to the large volume of resources invested in these projects.
Issue Mitigation Plan:	The State team agrees with this recommendation.

Issue #4	**Issue Impact:** MEDIUM
Issue Description:	**Due to tight Federal deadlines governing the implementation of the HBE system, some requirements may be pushed back to be incorporated after the October 1, 2013 go-live of HSE Release 1.** As indicated by DII, some requirements for the HBE solution may be delayed in order to focus on what Federal counterparts have defined as essential for the October 1, 2013 launch.
Potential Impact Description:	Because the State and CGI are working to meet stringent Federal deadlines regarding the go-live of the HBE solution, DII resources have indicated that some requirements that will ultimately be desired by the State may not be able to be addressed by CGI until after the October 1, 2013 go-live of the HBE system due to the limited time remaining.
Issue Recommendation:	The State should work closely with CGI to monitor requirements validation and ensure that the requirements that are pushed out are ultimately re-visited and incorporated into the HSE platform at a later date, which should be agreed upon by the State and CGI.
Issue Mitigation Plan:	The State team agrees with this recommendation. The State team has also indicated that postponement of some State-desired requirements is not viewed as detrimental, and that they will define the scope of later releases of the HBE.

Issue #5	Issue Impact: MEDIUM
Issue Description:	**The risk and issue reports from the IV&V vendor and the PMO vendor do not provide clear mitigation plans to the State.** These reports appear to have unclear distinction between risks and issues, and do not have concise summary sections. Contrary to the guidelines defined by the Project Management Institute, some of the items labeled as issues are described as risks, while others that are labeled as risks are described as issues. Additionally, the recommended response for a number of the items listed in these reports does not appear to exist in the documentation. It is also unclear how and when these documents are updated.
Issue Impact Description:	It is difficult to extract actionable information from the risk and issue reports. Partly as a result of the lack of standardization to PMI definitions, many record entries are cryptically worded. The usefulness of the risk and issue management document is resultantly constrained, and is more likely to require in-person meetings with the vendors to interpret what the register indicates in terms of priority recommended action plans.
Issue Response Recommendation:	Dependent on how the State perceives the usefulness of these documents, the State may want to consider requesting that vendors use standard PMI definitions and practices for issue and risk management, and require that summaries also contain clearly articulated mitigation plans that are as practical and actionable as possible.
Issue Mitigation Plan:	The State Team agrees with this recommendation. The PMO has already updated its risk and issue lists to include actionable mitigation plans as a result of reviewing the Independent Review's list of Risks and Issues and working through the mitigation process.

Issue #6	**Issue Impact:** MEDIUM
Issue Description:	**Federal funding acquired to date does not cover forecast development and operating costs for the Exchange through 2014.** The State's financial records indicate that it has received approximately $129M in establishment grants for the Exchange, while Exchange related costs through 2014 are estimated at roughly $207M, which leaves a financing gap of roughly $78M. A third Level 1 grant request is currently being prepared by the State.
Potential Impact Description:	The State's funding of development through 2014 is obviously critical to achieving a successful implementation of the HBE project. Currently, the obligations of existing grant money are adequate to cover expense estimates in several areas, but inadequate to cover estimates in others. Given the codependences between HBE project components, implementation difficulty in one area due to financial shortfall has the potential to affect the operability of many other areas of the Exchange.
Issue Recommendation:	At the time of this Independent Review, the State was planning another Exchange Establishment Grant request. Assuming that this request is approved, and that it contains adequate funds to fill the existing financing gap, this this issue will be effectively remediated. Depending on the likelihood of a failure to acquire adequate funds from CMS, the State may want to establish an alternate financing model and/or contingency plans on how to effectively reduce scope (and thereby cost) while maintaining required operability.
Issue Mitigation Plan:	The State team agrees with this recommendation.

Issue #7	**Issue Impact:** MEDIUM
Issue Description:	**As indicated by State project resources, no determinations have yet been made as to what functionalities of the HBE system are considered to be "standard" by CGI.** Until a solidified Scope Clarification document has been provided by CGI and accepted by the State, the project team is unable to determine which aspects of the HBE system will be the responsibility of the State for testing and training.
Potential Impact Description:	Without knowing which functions of the HBE system are considered by CGI to be "standard," the State is unable to develop any testing or training procedures/documentation as it is unclear what these processes will need to focus on. It is currently estimated that a Scope Clarification document will be provided to the State by CGI on May 25, 2013. The State is anticipating reviewing this document for one week before beginning to craft training and testing materials but it is important to consider the fact that what is submitted by CGI may not be agreed to by the State, which would cause further delays in this process.
Issue Recommendation:	The State should continue to work collaboratively with CGI in the development of this Scope Clarification document to ensure that what is submitted on May 25 is not radically out of line with the State's expectations. Any delays to this process will further compress the already small amount of time that the State will have to develop State-specific training and testing procedures. There should be a clear way to distinguish between out-of-the-box functionality and functionality requiring configuration or customization. Finally, understanding level of effort to implement the desired scope is critical to understand the full impact of the refined scope document.
Issue Mitigation Plan:	The State team agrees with this recommendation. The State team also reported this activity is in process and is being discussed with appropriate vendors.

Issue #8	**Issue Impact:** MEDIUM
Issue Description:	**Due to the complex nature of the HSE Platform coupled with the involvement of multiple State agencies, it is difficult for new project resources and outside entities to fully comprehend the organizational structure of HSE-related projects.** HSE project structures reflect matrix organizational principles, which involve numerous State agencies with many team members allocated to the HBE and IE projects on a limited basis due to ongoing responsibilities in other areas.
Potential Impact Description:	The matrix organization has inherent complexities that can make it challenging to educate team members on the structure and responsibilities in the project. While dedicated project resources may be comfortable with their understanding of project structures, it is difficult for State agencies with limited involvement to share this understanding.
Issue Recommendation:	Due to the wide reaching effects of healthcare reform and the HSE Platform on the State of Vermont, it is important that disparate government agencies fully understand the structure of the project teams tasked with implementing these new solutions even if their direct involvement is limited. If not already available, the State should finalize a complete Health Services Enterprise organizational chart that is designed as a training tool for new project resources.
Issue Mitigation Plan:	The State team agrees with this recommendation.

Issue #9 **Finding Reference:**	**Issue Impact:** MEDIUM
Issue Description:	**There is one vendor knowledgeable about the State's ACCESS environment and therefore there is a limit on the number of vendors capable of conducting ACCESS remediation work.**
Issue Impact Description:	Due to the fact that multiple staff members of Maximus were once employed by the State of Vermont as developers for the ACCESS system, Maximus has a distinct competitive advantage in terms of completing future remediation work. Although the State and Maximus are said to have a healthy relationship, Maximus is granted with future remediation projects due to their familiarity with the ACCESS system without competition. The State faces the possibility of overpaying for remediation services through these sole-source procurements, and the vendor may not be incentivized to create lean operations, lessen cost, or expedite project work.
Issue Response Recommendation:	Without the benefit of healthy competition in bids for ACCESS work, the State may benefit from exploring other mechanisms to induce responsiveness and accountability from the vendor. Future pieces of ACCESS remediation work that are deemed necessary by the State should be examined on a case by case basis to determine if possibilities exist to utilize an open bid procurement process.
Issue Mitigation Plan:	The State team agrees with the recommendation. The way that the current IE contract is shaping up is that CGI is responsible for this work and they will leverage Maximus as their subcontractor. Redmane and Software AG are conducted similar work in ADABAS and Natural environments, so these options provide alternative consideration for the future.

Issue #10	**Issue Impact:** MEDIUM
Issue Description:	**There are ongoing operational and/or maintenance costs associated with several items supporting the HBE and IE projects that are currently budgeted as rough estimates only.** Based on the documentation reviewed during this IR, a detailed extended forecast of annual operating and maintenance costs for the Exchange does not exist. Several of the contracts involved in developing the Exchange, including all three amendments to the CGI contract, do not appear to have well documented O&M components.
Potential Impact Description:	The Year 2 and subsequent year operating costs are subject to variation depending on adjustments to these rough estimates, which limits confidence in the annual operating expense estimates.
Issue Recommendation:	A full set of ongoing operations and maintenance costs for the technology solutions supporting development of the Exchange should be assembled and referenced in an HBE budget or the existing overall HSE budget, so that known ongoing costs are clearly identified. Explanations for the logic behind other estimated costs should be included as part of the budget footnotes.
Issue Mitigation Plan:	The State team agrees with this recommendation. The State team also reported that they've signed all of their key contracts so these are relatively stable.

APPENDIX A – SCHEDULE OF INTERVIEWS

Date / Time	Topic Area(s)	Participants (tentative)
April 23, 2013 4 – 4:30 p.m.	Project Overview, including review of Project Goals, Scope	Tim Holland Richard Boes Tom Jenny Charlie Leadbetter David Regan
April 24, 2013 2 – 3 p.m.	Finalize Scheduling and Requirements	Tim Holland Tom Jenny Kate Jones Jon Brown Mike Maslack David Regan Charlie Leadbetter Tim Masse
April 30, 2013 12:30 – 2 p.m.	On-site Kick-off Meeting	Paul Hochanadel Beth Rowley Tim Holland Carrie Hathaway Laurie Sabers Kate Jones Shawn Benham Sherry May Tom Jenny Sonya Stern Justin Tease Tim Masse Ed Daranyi David Regan Michael St. Pierre Jamie Brennan
April 30, 2013 2 – 4 p.m.	Acquisition Cost Assessment Cost Benefit Analysis	Carrie Hathaway Shawn Benham Tim Holland Kate Jones

Date / Time	Topic Area(s)	Participants (tentative)
		Tom Jenny Sonya Stern Jim Griffin Ed Daranyi Tim Masse David Regan Michael StPierre Jamie Brennan
May 1, 2013 11:30 a.m. – 1 p.m.	Desai Mgmt Consulting Interview – All Topics	Vijay Desai Ed Daranyi Tim Masse Jamie Brennan David Regan
May 1, 2013 1 – 4 p.m.	Implementation Plan	Beth Rowley Justin Tease Laurie Sabens Tim Holland Tom Jenny Ed Daranyi Charlie Leadbetter Tim Masse David Regan Michael St. Pierre Jamie Brennan
May 2, 2013 8:30 – 10 a.m.	Technical Architecture Review	Michael LaPera Eric Stevens – Oracle Mike Morey Rick Ketchum Jon Brown – Desai Jenn Coughran Charlie Leadbetter Ed Daranyi David Regan Michael St. Pierre Jamie Brennan

Date / Time	Topic Area(s)	Participants (tentative)
May 2, 2013 10:30 a.m. – 2 p.m.	Organizational Readiness Review	Lindsey Tucker Paul Hochanadel Sherry May Beth Rowley Tim Holland Ed Daranyi Charlie Leadbetter David Regan Michael St. Pierre
May 8, 2013 10:30 – 11:30 a.m.	Desai Mgmt Consulting Interview - Implementation	Michael St. Pierre Ed Daranyi Jamie Brenna Tim Holland Vijay Desai - Desai Venkat Ramanujam – Desai Tom Papp Josh Kreiger
May 9, 2013 11 a.m. – 12 p.m.	Technical Architecture Overview)	Michael Morey Tim Holland Charlie Leadbetter Michael St. Pierre
May 9, 2013 1 – 2 p.m.	Initial Validation of Draft Cost Analysis	Tim Holland Carrie Hathaway Shawn Benham David Regan Kate Jones
May 9, 2013 2 – 3 p.m.	CGI Interview – HBE Implementation	Tim Holland Jamie Brennan Kathy Arle – CGI Charlie Leadbetter David Regan
May 9, 2013 3 – 4 p.m.	Gartner Interview – All Topics	Tim Holland David Regan Eduardo Daranyi Michael St. Pierre Jamie Brennan

Date / Time	Topic Area(s)	Participants (tentative)
		Kevin Chartrand – Gartner Frank Petrus – Gartner Martin Geffen – Gartner Michael Leitch – Gartner
May 10, 2013 10 – 11 a.m.	CGI Interview – IE Project	Charlie Leadbetter David Regan Jamie Brennan Steve Olson – CGI
May 10, 2013 11 a.m. – 12 p.m.	Maximus Interview – Call Center Implementation	Charlie Leadbetter David Regan Tim Holland Susan Bauer – Maximus Sonya Tagliento – Maximus Chris Dabek – Maximus
May 23, 2013 10 a.m. – 12 p.m.	Discuss Risk & Issues Management Plan and Approach	Charlie Leadbetter David Regan Tim Holland Beth Rowley Vijay Desai – Desai Tom Jenny Lindsey Tucker Mike Morey Justin Tease Laurie Sabens
TBD	Discussion of the initial IR Report submission	TBD
TBD	Formal Review and Presentation of the Independent Review Findings	TBD

APPENDIX B – COST / BENEFIT ANALYSIS

[See next page]

The State of Vermont

Independent Review Cost-Benefit Analysis

Estimated 5 Year Project Costs and Benefits		Through CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	Totals
List of Contracts / Cost Areas		Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Projection
HBE	Accenture	$2,964,955					**$2,964,955**
	Gartner	$2,393,750					**$2,393,750**
	DII MOU	$2,397,627					**$2,397,627**
	Provider Directory	$5,000,000					**$5,000,000**
	Maximus - Call Center[1]	$17,202,572	$10,000,000	$10,500,000	$11,025,000	$11,576,250	**$60,303,822**
	Oracle Software	$6,000,000					**$6,000,000**
	Oracle Software Operations/Maintenance[2]	$1,300,000	$1,365,000	$1,433,250	$1,504,913	$1,580,158	**$7,183,321**
	Oracle T&M Contract with 2 Amendments	$6,998,776					**$6,998,776**
	CGI Original Contract - with Amendment 1 [3]	$45,623,148					**$45,623,148**
	Amend 1 Operations/Maintenance[4]	$10,206,027	$7,256,317	$6,525,923	$6,852,219	$7,194,830	**$38,035,316**
	CGI Amendment 2 - Benaissance, Access Remediation	$24,357,285					**$24,357,285**
	Amend 2 Operations/Maintenance[5]	$2,263,800	$2,376,990	$2,495,840	$2,620,631	$2,751,663	**$12,508,924**
	CGI Amendment 3 - Jelly Vision & CGI Hosting	$4,670,749					**$4,670,749**
	Amend 3 Operations/Maintenance[6]	$1,027,565	$1,078,943	$1,132,890	$1,189,535	$1,249,011	**$5,677,944**
IE	Gartner	$1,106,250					**$1,106,250**
	DII MOU	$579,600					**$579,600**
	CGI	$70,000,000	$5,600,000	$5,800,000	$5,900,000	$5,500,000	**$92,800,000**
Both HBE and IE	Maximus Access Analysis Services	$427,686					**$427,686**
	State MOUs	$22,758,531	$9,967,933				**$32,726,464**
	Additional Professional Services[7]	$15,816,690	$3,426,487	$2,741,190	$2,192,952	$1,754,361	**$25,931,680**
	Staff Augmentation[8]	$2,495,750	$1,247,875	$623,938			**$4,367,563**
	Operating Expenses[9]	$2,557,545	$1,453,056	$1,496,648	$1,541,547	$1,587,794	**$8,636,589**
	Personal Services Contract[9]	$24,491,846	$2,944,125	$3,032,449	$3,123,422	$3,217,125	**$36,808,967**
	Miscellaneous Contracts[10]	$6,242,886	$1,829,230	$1,920,692	$2,016,726	$2,117,562	**$14,127,096**
	Total Costs:	**$278,883,038**	**$48,545,956**	**$35,782,126**	**$35,950,219**	**$36,411,192**	**$427,500,415**
	Cumulative Costs:	**$278,883,038**	**$327,428,994**	**$363,211,120**	**$399,161,339**	**$435,572,531**	

Extended Long-term Cost Model	Year 6	Year 7	Year 8	Year 9	Year 10	Year 6 thru 10 Total
Estimated Total Operations, Maintenance, Upgrades, and Other Costs:	**$39,645,504**	**$40,902,925**	**$42,290,423**	**$43,800,377**	**$45,427,589**	**$212,066,819**
					10 Year Projected Costs:	**$639,567,234**

Identified Savings		Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Projection
Avoided Access mainframe chargeback fees	T						**Estimate not possible**
Avoided Access maintenance, coding, support, and change order costs	T						**Estimate not possible**
Relief from penalties associated with inability to implement federally mandated projects (est. $60,000/yr)	T	$60,000	$60,000	$60,000	$60,000	$60,000	**$300,000**
Avoided Access overtime and temp staff costs[11]	T	$1,500,000	$1,500,000	$1,500,000	$1,500,000	$1,500,000	**$7,500,000**
Avoided DII monthly invoices for Access[12]	T	$1,920,000	$2,016,000	$2,116,800	$2,222,640	$2,333,772	**$10,609,212**
Compliance with the Affordable Care Act	I						
Increased insured rate in Vermont	I						
Better access to preventive services and normal care	I						
Better user experience with public programs, "no wrong door"	I						
Streamlined processes will benefit State	I						
Reduced erroneous eligibility or ineligibility for State service programs	I						
Reduced uncompensated care payments to hospitals	I						
Establish new competitive marketplace for insurance products	I						
Total Savings		$3,480,000	$3,576,000	$3,676,800	$3,782,640	$3,893,772	**$18,409,212**

Identified Savings; I = Intangible; T = Tangible

	Through CY 2014	CY 2015	CY 2016	CY 2017	CY 2018
	Year 1	Year 2	Year 3	Year 4	Year 5
Total Project Cost:	$278,883,038	$327,428,994	$363,211,120	$399,161,339	$435,572,531
Total Projected Tangible Cost Savings:	($3,480,000)	($3,576,000)	($3,676,800)	($3,782,640)	($3,893,772)
Net Cost:	$275,403,038	$331,004,994	$366,887,920	$402,943,979	$439,466,303

Assumptions:

[1]Ongoing operations costs for call center are estimated by the State at $10M in Year 2, increasing by 5% each year thereafter.

[2]Ongoing operations and maintenance fees are estimated at approximately 22% of implementation costs, increasing by 5% each year thereafter.

[3]It is assumed that the services provided to CGI by Exeter, OneGate, and Oracle are part of the original contract and/or Amendment 1.

[4]Ongoing operations and maintenance fees are estimated by the State at $6.5M in Year 3, increasing by 5% each year thereafter.

[5]Ongoing operations and maintenance costs for amendment 2 consist of $2,263,800 for Benaissance plus 22% of implementation fees for Access remediation, increasing by 5% each year thereafter.

[6]Ongoing operations and maintenance fees are estimated at 22% of implementation costs, increasing 5% each year thereafter.

[7]Additional professional services includes contracts and amendments with Wakely, Bailit, PHPG, UMass, appeals, and an unallocated portion. Ongoing maintenance costs are estimated at 80% of each prior year.

[8]Staff Augmentation costs are estimated to decline at roughly 50% as implementations are completed. This item includes only Gartner and HES costs associated with staff augmentation.

[9]Year 3 and ongoing costs are estimated to increase at approximately 3%. Operating Expenses includes general operating expenses such as furniture, hardware, printing costs, rental costs, and travel. Personal Services includes costs for DVHA, AHS, DCF, and VDH staff.

[10]Miscellaneous Contracts includes legal aid, Navigators, brokers, indirects, and other associated expenses. Year 2 operations and maintenance fees are estimated by the State at $500,000 increasing 5% each year thereafter.

[11]Average overtime and temporary staff fees derived from four years of historical data (FY2009 through FY2012) included as part of a document entitled "Access Replacement Justification" provided by the State.

[12]Based on current fiscal year average monthly billing from DII for Access of $159,517, adjusted for 5% annual growth.

APPENDIX C – RISKS SUMMARY

Risk #	Risk Summary	HBE, IE, or HSE	Risk Impact / Probability
R1	No transition plan has been created (or communicated to staff) to handle the shift in responsibility of AHS-IT staff in accordance with the migration to the HSE platform.	HSE	High / High
R2	Staffing difficulties at CGI may hinder the ability of the vendor to perform the desired systems integration work and adhere to project schedules.	HSE	High / Medium
R3	The State is currently finalizing scope with CGI regarding the HBE implementation with only four months remaining until the October 1 deadline.	HBE	High / Medium
R4	Although the ACCESS system has been determined to be obsolete and unsustainable, there is no definitive timeline of when the State will move away from the system completely.	HSE	High / Medium
R5	The IE implementation timeframe may exceed the Federal 90/10 funding timeframe, which could result in increased costs to the State.	IE	High / Medium
R6	Without detailed project-level financial reporting, individual projects within the HSE program may overrun their budgets, or potentially be underfunded.	HSE	High / Medium
R7	Because the State adopted a CGI Project Plan developed for the State of Hawaii, there is a risk that the unique business needs of Vermont will not be fully accounted for within the HBE solution.	HBE	High / Low
R8	CGI is expected to use some of the testing results from their project with Hawaii to validate components that are being reused in the Vermont solution; however, it may not be possible to determine if these tests are true validations of Vermont's customized environment.	HBE	High / Low
R9	Some technologies, for example OneGate and LifeRay, are unproven for the uses for which they are proposed in the HBE project.	HSE	High / Low

Risk #	Risk Summary	HBE, IE, or HSE	Risk Impact / Probability
R10	There is a risk that the inflexible nature of the legacy ACCESS environment will create challenges when integrating components with new systems, or that some of the integration efforts may not be possible at all.	HSE	Medium / High
R11	Current State staff levels may not be sufficient to provide adequate input and guidance for all the activities required of CGI and other vendors to meet the HBE deadline of October 1.	HBE	Medium / Medium
R12	There is a risk that the portion of HBE functional requirements that are documented as needing configuration and development could entail a disproportionately large amount of project work.	HBE	Medium / Medium
R13	The set of specific functional and nonfunctional requirements that will be met in October and the set of requirements that will be met after October both continue to be refined, and could result in heavier than anticipated development activities occurring after go-live.	HBE	Medium / Medium
R14	The level of effort required to integrate legacy State systems with newly implemented HSE releases is unknown.	HSE	Medium / Medium
R15	There is a risk that the Security Plan developed by CGI will not be comprehensive to meet the needs of Vermont.	HBE	Medium / Medium
R16	The Siebel CRM and OneGate training environments may not be available to Maximus by July 15.	HBE	Medium / Medium
R17	The backup facilities that Maximus is planning to use to handle excessive call volume may not be properly trained to meet Vermont specific needs.	HBE	Medium / Low
R18	Qualified candidates for employment may not be available in the region to fill required State roles for the HSE project.	HSE	Medium / Low
R19	In addition to the federal subsidies that will be offered in the Exchange, Vermont has State-based “wrap-around” subsidies that will require additional customization and integration.	HBE	Medium / Low
R20	The draft Test Plan provided by CGI describes testing procedures that may pose logistical risks relative to lag times between testing phases.	HBE	Low / Low

APPENDIX D – ISSUES SUMMARY

Issue #	Issue Description	HBE, IE, or HSE	Issue Impact
I1	Delays in Federal guidance and the development of the Federal Data Services Hub, as well as delays in the release of updates to the System for Electronic Rate and Form Filing (SERFF), have made the planning of HSE releases difficult for the State.	HSE	High
I2	CCIIO has required that States minimally define 70 core business processes to be defined as part of operational readiness for the Exchange prior to October 1, and some of these business processes have not been fully defined.	HBE	High
I3	There is no general consensus on the details of future HSE releases, especially with regards to ACCESS remediation work, among the many vendor staff working on the HSE in Vermont.	HSE	High
I4	Due to tight Federal deadlines governing the implementation of the HBE system, some State requirements may be pushed back to be incorporated after the October 1, 2013 go-live of HSE Release 1.	HBE	High
I5	The risk and issue reports from the IV&V vendor and the PMO vendor do not provide clear mitigation plans to the State.	HBE	Medium
I6	Federal funding acquired to date does not cover forecast development and operating costs for the Exchange through 2014.	IE	Medium
I7	As indicated by State project resources, no determinations have yet been made as to what functionalities of the HBE system are considered to be “standard” by CGI.	HBE	Medium
I8	Due to the complex nature of the HSE Platform coupled with the involvement of multiple State agencies, it is difficult for new project resources and outside entities to fully comprehend the organizational structure of HSE-related projects.	HSE	Medium
I9	There is only one vendor knowledgeable about the State’s ACCESS environment and therefore there is a limit on the number of vendors capable of conducting ACCESS remediation work.	HSE	Medium

Issue #	Issue Description	HBE, IE, or HSE	Issue Impact
I10	There are ongoing operational and/or maintenance costs associated with several items supporting the HBE and IE projects that are currently budgeted as rough estimates only.	HSE	Low