Independent Review

Premium Processing Platform

For the

State of Vermont

Department of Vermont Health Access

Submitted to the
State of Vermont
Agency of Digital Services
March 5, 2020

Final

Prepared by:
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1 Executive Summary

Customarily, the Independent Review process is performed prior to or during project initiation as a way to help Vermont (State) leaders make informed strategic decisions regarding information technology (IT) investments. The IT activity BerryDunn reviewed through this process is different because it is part of an active design, development, and implementation (DDI) project, rather than the acquisition and implementation of a commercial off-the-shelf (COTS) or software as a service (SaaS) system.

This Independent Review was undertaken to evaluate the Premium Processing project with a focus on a fully executed specification order for Optum to make technical changes required to transition responsibility for Qualified Health Plan (QHP) premium processing from WEX Health (WEX) to Blue Cross Blue Shield of Vermont, MVP Health Care, and Northeast Delta Dental (insurance carriers) for health coverage effective January 1, 2021. This Independent Review began on January 7, 2020, and the presentation of findings will be scheduled after the State's Chief Information Officer (CIO) receives the proposed final version of this report.

WEX is currently contracted with the Department of Vermont Health Access (DVHA) to provide premium processing for Vermont Health Connect (VHC) customers with Medicaid and QHP premiums. WEX is responsible for key business processes such as invoicing and collecting customer premiums, allocating funds to customer accounts, and invoicing the State for Vermont Premium Assistance (VPA) and Vermont Cost-Sharing Reductions (VCSR).

Due to how WEX's system is integrated with VHC and limitations of WEX's system and business processes, premium processing is a pain point for VHC staff and customers. Issues include delay in premiums being applied to customer accounts, monies being applied to the incorrect customer account, and wrongful termination of healthcare coverage. As a result, Vermont Legislature has instructed the State to transition QHP premium processing to the insurance carriers effective plan year 2021.

In July 2019, DVHA released a Statement of Work-Request for Proposal (SOW-RFP) to a number of pre-qualified vendors under the Building and General Services (BGS) Office of Purchasing and Contracting (OPC) Master IT Retainer Contracts. DVHA was seeking a contractor to provide a working prototype serving as a proof of concept for integrating key systems to facilitate the management and delivery of VHC enrollment transactions to the insurance carriers. DVHA saw the Premium Processing project as an opportunity to make progress toward incrementally replacing legacy systems with modular components.

DVHA entered into a contract with IdeaCrew, an IT company that has experience implementing modular health insurance exchange solutions in Washington, D.C., and Massachusetts. Soon after IdeaCrew began working with DVHA, DVHA and ADS identified that IdeaCrew's proposed solution was extremely complex, in turn presenting significant risk to the project scope, schedule

and budget. DVHA, with the support from the Agency of Digital Services (ADS), made the decision to end the contract with IdeaCrew and shift technical direction in order to meet project goals and objectives.

DVHA executed a specification order in December 2019 under VHC's current maintenance and operations (M&O) contract (Contract 31750) so that Optum can make technical changes to the VHC system. The changes include redirecting the flow of web services, redirecting customers to the insurance carriers' payment pages (pay pages), and the flow of Electronic Data Interexchange (EDI) transactions from WEX's system to the insurance carriers' systems so the insurance carriers have the enrollment data they require to successfully invoice QHP customers and collect premiums. All existing functionality related to Medicaid with Premiums between VHC and WEX is to remain in place, and the scope of this Independent Review is limited to modifying the workflows and business processes for QHP premiums.

It is important to note that BerryDunn wrote this Independent Review Report at a single point in time for the active Premium Processing project; it does not include an evaluation of the original decisions to execute or terminate the contract with IdeaCrew or to select Optum to make the required technical changes to VHC.

While conducting this Independent Review, BerryDunn identified five risks, with four risks being high-impact and/or high-likelihood of occurrence. These risks are listed in summary form in Section 1.3, and in detail in Attachment 2. The State has identified sufficient responses for each of these risks and is currently executing on those strategies.

1.1   Cost Summary

Table 1.1 includes a summary of the project costs. More detail can be found in Section 5: Acquisition Cost Assessment and Section 10: Impact Analysis on Net Operating Costs. These costs were provided to BerryDunn by the Premium Processing project team.

Table 1.1: Cost Summary

IT Activity Lifecycle	Cost and Funding Source
Total Lifecycle Costs (5 Years):	$7,208,680.39
Total Implementation Costs (2 Years):	$3,143,700.31
New Annual Operating Costs:	$674,080
Current Annual Operating Costs:	$1,146,610.88
Difference Between Current and New Operating Costs (Annual):	$472,530
Funding Source(s) and Percentage Breakdown If Multiple Sources:	Federal and State

1.2 Disposition of Independent Review Deliverables

Table 1.2, on the following page, includes a summary of the Independent Review findings as elaborated later in the report.

Table 1.2: Independent Review Deliverables

Deliverable	Highlights From the Review
Acquisition Cost Assessment	DVHA has executed a specification order with Optum to provide a technical solution for transitioning QHP premium processing to insurance carriers.
	The acquisition costs assessed included only those applicable to configuration/implementation, project management, security assessment, state labor, ADS-estimated Enterprise Architect (EA), and the Independent Review. These costs total $3,143,700.31
	The cost(s) for DVHA's financial management solution is unknown and was not included in the acquisition cost. See Risk #1 for more information.
Technology Architecture Review	As a part of the transition of QHP premium processing to the insurance carriers, VHC will need to be modified to discontinue all existing functionalities and integrations with WEX for QHP customers for plan year 2021 and beyond.
	Architectural changes include the removal of real-time web services/application programming interfaces (APIs), development of new interfaces, and modification to existing interfaces to ensure proper error handling.
	All existing functionalities and integrations between WEX and VHC will remain for Medicaid customers.
	The technical services to make system changes are being executed via a specification order under the current VHC M&O contracts with Optum and WEX.
Implementation Plan Assessment	Based on interviews with the Premium Processing project team (including Optum) and our review of project documentation, the approach to implementation is following the waterfall methodology. The State project manager is actively managing the project schedule, which includes detailed tasks with start and end dates, as well as State and vendor resources.
Cost Analysis and Model for Benefit Analysis	While the Legislature has instructed that the State transition responsibility for QHP premium

Deliverable	Highlights From the Review
	processing to the insurance carriers, there are tangible benefits to the State, including reduction in State labor costs, operating costs, and infrastructure costs. There are also many intangible benefits, or benefits that can only be speculatively quantified, such as improved customer service, efficiency, reduction of risk to the State, and compliance with State and federal mandates. Those benefits are acknowledged and included in this report.
Impact Analysis on Net Operating Costs	The five-year difference in costs results in substantial costs savings for the State because it will no longer be responsible for QHP premium processing, thus reducing the cost for contracted professional services.

1.3 Identified High-Impact and/or High-Likelihood of Occurrence Risks

Table 1.3 includes a summary of high-impact and high-likelihood risks as identified in the body of the report. Attachment 2: Risk Register has the State's planned response for each risk described below.

Table 1.3: Impact/Likelihood of Occurrence Risks

Risk ID	Risk Description	Risk Likelihood/ Probability: High	Risk Impact: High	Overall Risk Rating: High
1	There is risk to the project scope, schedule, and budget due to the lack of a financial management solution for managing VPA, VCSR, and payment transactions (820).	High	High	High
2	There is risk to the project schedule due to State and vendor technical resource limitations.	High	High	High
3	There is risk to the project scope and schedule due to dependencies on the completion of two active projects, the Optum Federal Information Security Management Act (FISMA) Environments (OFE) and Oracle Business Intelligence Enterprise Edition (OBIEE) reporting functionality.	Medium	High	High
4	There is risk to the project schedule due to the dependencies on system development and operational readiness of the insurance carriers.	Medium	High	High

1.4 Other Key Issues

While the timing of this Independent Review is not within the Premium Processing project team's control, BerryDunn would like to restate that risk is minimized for the State by ensuring that the Intendent Review process happens prior to contract execution and/or the beginning the project.

1.5 Recommendation

Based on the assessment as provided in this report, and assuming that DVHA and ADS execute the mitigation strategies as defined in Attachment 2, BerryDunn recommends that DVHA continue its engagements with Optum and WEX.

1.6 Independent Review Certification

I certify that this Independent Review Report is an independent and unbiased assessment of the proposed solution's acquisition costs, technical architecture, implementation plan, cost-benefit analysis, and impact on net operating costs, based on the information made available to me by the State.

03/05/2020

_____   _____
Independent Review Signature   **Date**

1.7 Report Acceptance

The electronic signature below represents the acceptance of this document as the final completed Independent Review Report.

_____   _____
State of Vermont Chief Information Officer   **Date**

2 Scope of This Independent Review

2.1 In-Scope

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 initiated after July 1, 1996, as information technology activity is defined by subdivision (a)(10), when its total cost is $1,000,000 or greater or when required by the State Chief Information Officer.

The Independent Review Report includes:

- An acquisition cost assessment
- A technology architecture review and standards review
- An implementation plan assessment
- A cost analysis and model for benefit analysis
- An analysis of alternatives
- An impact analysis on net operating costs for the Agency carrying out the activity
- A security assessment
- An overall risk assessment of the proposed solution

This Independent Review used the following schedule:

- Week of January 6, 2020: Conduct project initiation and a meeting for scheduling a discovery request.
- Weeks of January 13, 2020, and January 20, 2020: Develop the participation memo and schedule on-site interviews; review documentation.
- Week of January 27, 2020: Conduct on-site interviews; document initial findings; interview the vendor; draft the Independent Review Report and the Risk Register.
- Week of February 3, 2020: Conduct additional research; provide the preliminary Independent Review Report to the State.
- Week of February 10, 2020: Collect feedback; submit the updated draft Independent Review Report to the State.
- To Be Determined: Present the Independent Review Report to the CIO; complete any follow-up work and updates to the Independent Review Report; obtain CIO sign-off via

the Oversight Project Manager (OPM) on the Independent Review Report; facilitate the closeout meeting.

2.2 Out-of-Scope

BerryDunn did not evaluate the following areas:

- The State's decision to execute or terminate its contract with IdeaCrew

- The State's decision to engage Optum as the DDI vendor

- The project health of OFE

- The project health of OBIEE reporting functionality (in OFE)

- Medicaid premium processing

- DVHA's financial management solution, which is to be determined

3 Sources of Information

3.1 Independent Review Participants

Table 3.1 provides a list of the individuals who participated in the on-site interviews for this Independent Review.

Table 3.1: Independent Review Participants

Name and Role	Organization	Participation Topic(s)
Marie Hayward Finance Lead	AHS	Finance
Lisa Schilling Financial Director	DVHA	Finance
Dan Fay Product Owner	DVHA	Integrated Eligibility &Enrollment (IE&E) Project Leadership, Vendor Interview
Jon Zehnacker IE&E Deputy Program Manager	DVHA	IE&E Project Leadership
Dixie Henry General Counsel	AHS	Procurement/Legal
Rick Stevenson AHS Portfolio Manager	ADS	Project Management
Chelsea Carriveau Project Manager	ADS – Contract Personnel	IE&E Project Leadership, Project Management, Vendor Interview
Jim Willard IE&E Technical Lead	ADS	Information Technology
Emily Wivell Security Lead	ADS	Information Technology
Grant Steffens Project Technical Lead	ADS	Information Technology
Marcia Schels IE&E Technical Lead	ADS	Information Technology
Brad Fredericks Functional Lead	Optum	Vendor Interview
Eli Dandurand Business Analyst	Optum	Vendor Interview

Name and Role	Organization	Participation Topic(s)
Muralidhar Mulpuri Technical Lead and Operations	Optum	Vendor Interview

3.2   Independent Review Documentation

Table 3.2 lists the documentation BerryDunn reviewed and utilized to compile this report.

Table 3.2: Independent Review Documentation

Document Name	Description	Source
Carrier and Staff Research Overview	Presentation on Carrier Research for Premium Processing	DVHA
Cost Allocation Tables	Cost allocation tables for all IE&E projects; attachment to the IAPDU	AHS
Implementation Advanced Planning Document Update (IAPDU)	The State's approved IAPDU dated July 31, 2019	ADS
IT Activity Business Case and Cost Analysis	IT ABC Form for Premium Processing, 5/21/19	ADS
Optum Question Log	Questions for the State that are identified prior to or during requirements and design meetings with DVHA and ADS	ADS
Premium Processing Change Request 46	QHP Premium Processing fully executed specification order	ADS
Premium Processing Charter	Approved project charter	ADS
Premium Processing Customer Interview Guide	Draft script for interviewers to follow when surveying current VHC customers	DVHA
Premium Processing Outreach Research Plan	High-level approach for internal and external outreach for communicating premium processing changes	DVHA
Premium Processing VPA-VCSR Ledger System	Meeting notes documenting discussions about options for a financial management solution for managing VPA/VCSR and 820 transactions	ADS

Document Name	Description	Source
Premium Processing Project Budget Adjustment Log	Spreadsheet used by the State's project manager for managing projected and actual costs	ADS
Premium Processing Project RFP	SOW-RFP submitted to pre-qualified vendors	ADS
Premium Processing Project Schedule	Microsoft (MS) Project document used by the State project manager for managing tasks, dates, and resources	ADS
Premium Processing Risk and Issue Register	An export of the Risk and Issue Register managed by the State project manager on the State's project SharePoint site	ADS
Premium Processing Resource Workbook	A spreadsheet used by the State project manager for managing all project resources (State staff and vendor)	ADS
State of Vermont Technical Architect Services Retainer Contracts	Hourly rates for roles providing technical services	BGS website
WEX Health Pre-Discovery Document Medicaid	List of Medicaid premium processing questions answered by the State to prepare WEX for in-depth fact-finding discussions known as Discovery Sessions	ADS
WEX Health Pre-Discovery Document QHP Drawdown	List of QHP premium processing questions answered by the State to prepare WEX for in-depth fact-finding discussions known as Discovery Sessions	ADS

4 Project Information

4.1 Historical Background

DVHA is responsible for management of the State's publicly funded health insurance programs. Its mission is to provide leadership for State stakeholders to improve access, quality, and cost effectiveness in healthcare reform; assist Medicaid members in accessing clinically appropriate health services; administer the State's public health insurance system efficiently and effectively; and collaborate with other healthcare system entities in bringing evidence-based practices to State Medicaid members.

DVHA is responsible for VHC, which is a state-based health insurance exchange, or "marketplace," that provides individuals, families, and small businesses a way to choose a health plan that meets their specific needs. VHC's public-facing portal went live in October 2013 for health coverage starting January 1, 2014, in compliance with federal healthcare law. Similarly to other health insurance exchange implementations, Vermont experienced technical and operational issues, including Medicaid and QHP premium processing handled by WEX (formerly Benaissance, LLC prior to the company's acquisition by WEX, Inc. in 2015).

While the State has overcome many issues experienced post go-live, premium processing continues to be a pain point for VHC customers with Medicaid and QHP premiums. Due to how WEX's system is integrated with VHC and limitations of WEX's system and business processes, customers experience delays in premiums being applied to their account, money being applied to incorrect accounts, and wrongful termination of health coverage. As a result, Vermont Legislature has instructed the State to transition QHP premium processing to the insurance carriers effective plan year 2021.

4.2 Project Goal

The new Premium Processing solution will meet State and federal standards, and will be more user-friendly for staff to improve the experience of Vermonters. The State seeks to achieve the following objectives:

Customer Service: Premium processing will improve transparency of processing so that customers understand what they need to pay, and by when; how payment will affect their coverage; and whom to call where there is a problem.

Compliance: Premium processing will make certain that Vermont complies with State rules and legislative direction.

Expenses: Premium processing will reduce the operating expenses associated with the State's health insurance exchange.

Staff Roles and Responsibilities: Premium processing will improve data quality and create a simplified user interface that will allow staff to understand and trust the information they

are seeing, and communicate next steps to the customer. Additionally, staff will understand the premium payment process and their role in it.

4.3   Project Scope

The approved specification order includes the following key time and material services in scope for the Premium Processing project:

- **Requirement identification, analysis, and functional design** for future state functionality of QHP premium processing through EDI transaction.

- **Technical solution and system requirement definition** for integrating VHC with insurance carriers through EDI transactions for QHP premium processing.

- **Development support** for the VHC transition of QHP premium processing to insurance carriers from WEX Health, including the following activities:

   o   Decoupling of WEX pay pages for QHP customers

   o   Re-direction of QHP customers to carrier pay pages

   o   Decoupling enrollment integration logic into multiple parts

   o   Updating business workflows for QHP and mixed households, and maintaining Medicaid workflows

   o   Updates to VHC system jobs and system workflows

   o   Updates to the WEX payment artifacts and relevant triggering points in current business workflows

   o   Re-alignment of the reconciliation process for carrier data

   o   Creation of new interfaces and updates to existing interfaces with proper error handling

   o   Payment process changes for VPA and VCSR and associated Siebel, service-oriented architecture (SOA), and the enrollment change engine modifications

   o   Carrier-initiated, non-payment terminations and reinstatement protocols

   o   Business logic and integrations for legacy QHP and mixed households balances owed

- **Quality assurance support** for test case definition and execution related to user/system functionality and external integration points.

- **Maintain and monitor** current Medicaid billing functional and business flow.

The full scope of technical services can be found in the specification order, under Change Request 46 (CR-046) version 1.7.

4.4 Major Deliverables

DVHA and ADS developed a Quality Assurance Surveillance Plan (QASP) as a way to evaluate the vendor's performance while delivering the services outlined in Section 4.3: Project Scope. The State's product team (i.e., project team) will review all deliverables for compliance with performance standards.

A summary of the deliverables, performance standards, and acceptable quality levels is provided in Table 4.1.

Table 4.1: Deliverables in the Specification Order

Deliverable	Performance Standards	Acceptable Quality Level	Method of Assessment
Tested Code	Code delivered under the contract must have substantial test code coverage and a clean code base.	Minimum of 90% test coverage of all code	Combination of manual review and automated testing
Properly Styled Code	General Services Administration (GSA) 18F Front-End Guide for any portal work as well as Business Process Executable Language (BPEL) best practice in code styling for SOA and proprietary Siebel coding language.	0 errors and 0 warnings for any portal work as well as adherence to BPEL and Siebel code best practices	Combination of manual review and automated testing
Accessible	Web Content Accessibility Guidelines 2.1 (WCAG 2.1) standards for any portal work.	0 errors reporting for WCAG 2.1 standards using an automated scanner and 0 errors reporting in manual testing for any portal work	https://github.com
Deployed	Code must successful build and deploy into testing environment(s) and must be compatible with data schemas used in production. If data schemas are not available, code must successfully build and deploy into production environment.	Successful build and deployment with deployment completion notification	Combination of manual review and automated testing

Deliverable	Performance Standards	Acceptable Quality Level	Method of Assessment
Documentation	All dependencies are listed, and the licenses are documented. Major functionality in the software/source code is documented.	Individual methods are documented inline using comments that permit the use of tools such as JavaScript document (JSDoc). System diagram is provided.	Combination of manual review and automated testing, if available
Secure	Open Web Application Security Project (OWASP) Application Security Verification Standard 3.0 and meet the requirements of an application in a Center for Medicare and Medicaid Services (CMS) Minimal Acceptable Risk Standards for Exchanges (MARS-E) compliant environment.	Code submitted must be free of medium and high-level static dynamic security vulnerabilities	Clean tests from a static testing SaaS (such as Veracode or Snyk) and from OWASP Zed Attack Proxy (ZAP), along with documentation explaining any false positives
User Research and Design Artifacts	Initial and subsequent user workflow design activities must be conducted and reviewed at regular intervals throughout the development process (not just at the beginning or end) to ensure the user needs are well understood and that the design solution works well for users.	Vendor shall work with the state to establish a user workflow design creation and review timeline for the project and add those to the project plan.	Participation and manual review of workflow designs

4.5   Project Phases, Milestones, and Schedule

A summary of the project milestones and estimated completion dates is provided in Table 4.2, as articulated in the State's approved Project Charter.

Table 4.2: Project Phases and Milestones

Project Milestone	Estimated Completion Date
Project Initiation	July 1, 2019

Project Milestone	Estimated Completion Date
Modular Procurement Initiation	July 15, 2019
Determine Technical Design Solution	September 30, 2019
Technical Solution Implementation	September 1, 2020
Project Completion	November 30, 2020

For more detail regarding the project schedule and milestones, such as testing, please see Attachment 3 for a snapshot of the State's project schedule that, which was provided to BerryDunn on January 13, 2020.

5   Acquisition Cost Assessment

Table 5.1 includes all acquisition costs identified by the State project manager in the project's Budget Adjustment Log.

Table 5.1: Acquisition Cost Assessment

Acquisition Costs	Cost	Comments
Configuration/Installation/Implementation	$1,127,659.00	Costs for the new solution are derived from the vendors, Optum, and WEX Health.
Hardware Costs	$0	No hardware costs were identified.
Software Costs	$0	No software costs were identified.
Hosting Provider	$0	No hosting provider costs were identified.
Project Management	$786,118.00	Project management costs are derived from C2 and staff augmentation.
Other Contracted Professional Services for Implementation	$170,000.00	Security assessment services from NuHarbor.
Other State Labor to Implement the Solution	$947,000.00	Recommended estimate for state labor is $55 an hour if the exact fully loaded hourly rate(s) are unknown.
ADS Estimated Charge for EA and Project Oversight	$90,923.31	3% ADS Estimated Charge for EA and Project Oversight findings of any related independent review pursuant to 3 V.S.A. § 2222.
Independent Review	$22,000.00	
Total Acquisition Costs	$3,143,700.31	

1. **Cost Validation:** Describe how you validate the Acquisition Costs.

   BerryDunn validated costs through interviews and document analysis. Some specifics of cost validation include:

   - No additional hardware, software, or hosting provider costs were identified for this implementation.

2. **Cost Comparison:** How do the Acquisition Costs of the proposed solution compare to what others have paid for similar solutions? Will the State be paying more, less, or about the same?

The Optum specification order outlines technical services for a premium processing project that is unique to the State of Vermont. Therefore, there are no solutions that can be adequately compared to this project for acquisition costs.

Instead, BerryDunn conducted market research to compare standard hourly rates for the professional roles outlined in the contract amendment. BerryDunn found that the rates for the Analyst, Design Development Engineer, Quality Assurance Manager, Quality Assurance Specialist, Senior Comp Security Systems Specialist, and Project Manager roles fulfilled by Optum are consistent with national averages.

3. **Cost Assessment:** Are the Acquisition Costs valid and appropriate in your professional opinion? List any concerns or issues with the costs.

As outlined above, the State appears to be paying a comparable price to what other states are potentially paying for similar technical services.

Additional Comments on Acquisition Costs:

BerryDunn has no additional comments on acquisition costs.

6 Technology Architecture and Standards Review

1. **State's IT Strategic Plan:** Describe how the proposed solution aligns with each of the State's IT Strategic Principles:

    A. Leverage successes for others, learning best practices from outside Vermont

    B. Leverage shared services and cloud-based IT, taking advantage of IT economies of scale

    C. Adapt the Vermont workforce to the evolving needs of state government

    D. Apply EA principles to drive digital transformation based on business needs

    E. Couple IT with business process optimization, to improve overall productivity and customer service

    F. Optimize IT investments via sound Project Management

    G. Manage data commensurate with risk

    H. Incorporate metrics to measure outcomes

    DVHA, ADS, and Optum have agreed to use the current infrastructure and technologies for integration with the insurance carriers' systems for the purpose of transitioning QHP premium processing to the insurance carriers, as instructed by Vermont Legislature.

2. **Sustainability:** Comment on the sustainability of the solution's technical architecture (i.e., is it sustainable.).

    The technical approach is to modify the current VHC system, so BerryDunn assumes the State determined that the system is sustainable as a short-term solution in order to meet the legislative direction to transition QHP premium processing to insurance carriers.

3. **Security:** Does the proposed solution have the appropriate level of security for the proposed activity it will perform (including any applicable State or federal standards)? Please describe.

    The ADS project security lead confirmed that the State's premium processing solution will be using existing IT components used for day-to-day system operations, which are compliant with applicable State and federal standards. However, due to the new and modified data exchanges between VHC and the insurance carriers, new Interconnectivity Security Agreements (ISAs) are in development by the ADS and the insurance carriers.

    NuHarbor, a third-party security firm, is currently performing security assessments of the three insurance carriers' systems. ADS receives periodic updates from NuHarbor and there is no indication that the external systems will not be compliant with necessary State and federal security standards.

See Section 11: Security Assessment for more information.

4. **Compliance with the principles enumerated in the ADS Strategic Plan of January 2020.**
   (https://digitalservices.vermont.gov/sites/digitalservices/files/documents/ADSStrategicPlan2020.pdf)

   BerryDunn did not identify any areas where the solution is not in compliance with ADS' guiding principles.

5. **Compliance with the Section 508 Amendment to the Rehabilitation Act of 1973, as amended in 1998:** Comment on the solution's compliance with accessibility standards as outlines in this amendment. Reference: http://www.section508.gov/content/learn

   The project scope includes modification to the current VHC system, so BerryDunn assumes that the current VHC system is accessible and usable by individuals with disabilities.

6. **Disaster Recovery:** What is your assessment of the proposed solution's disaster recovery plan; do you think it is adequate? How might it be improved? Are there specific actions that you would recommend to improve the plan?

   The State's premium processing solution will be using the current VHC disaster recovery plan.

7. **Data Retention:** Describe the relevant data retention needs and how they will be satisfied for or by the proposed solution.

   The scope for modifying the current VHC solution does not require additional data retention requirements at this time; however, if those requirements are identified during requirements validation/design sessions, Optum will satisfy those accordingly through the specification order and M&O contract.

8. **Service-Level Agreement:** What are the post implementation services and service levels required by the State? Is the vendor proposed service level agreement adequate to meet these needs in your judgment?

   The approved specification order does not include additional post implementation services and service levels that are not already in the current M&O contract.

9. **System Integration:** Is the data export reporting capability of the proposed solution consumable by the State? What data is exchanged and what systems (State and non-State) will the solution integrate/interface with?

   Under the current M&O contract, Optum is responsible for providing interface and integration support for the VHC system.

   VHC will continue to interface with WEX, Blue Cross Blue Shield of Vermont, MVP Health Care, and Northeast Delta Dental. New and enhanced data exchanges between

the State and insurance carriers include data to redirect customers to the insurance carriers' pay pages and the following American National Standards Institute (ANSI) X12 transactions:

- 834 (Enrollment)

- 999 (File acknowledgement)

- 820 (Payment)

Additional Comments on Architecture:

The State's decision about the financial management solution, including system integrations, could impact architectural design.

7   Assessment of Implementation Plan

1. The reality of the implementation timetable.

   Risks that could have an impact on the Premium Processing master schedule have been identified through this review and are articulated in detail in Attachment 2.

2. Readiness of impacted divisions/ departments to participate in this solution/project (consider current culture, staff buy-in, organizational changes needed, and leadership readiness).

   Through documentation review and stakeholder interviews, BerryDunn believes the project team provided sufficient evidence of DVHA's communication and change management activities with internal staff, applicable contractors (e.g., Maximus call center), and external partners (e.g., insurance carriers). The project team has an assigned Organizational Change Management (OCM) resource to assist with the communication and outreach strategies. Additionally, premium processing operational readiness activities are being combined with open enrollment operational readiness activities due to the timing of the Premium Processing project implementation. This approach streamlines change management activities, including communications and training.

3. Do the milestones and deliverables proposed by the vendor provide enough detail to hold them accountable for meeting the Business needs in these areas:

   A. Project Management

      Optum is required to provide either a dedicated and part-time project manager for the scope of work outlined in the approved specification order. The Project Manager role is responsible for applying programmatic oversight as well as managing the project activities with support and oversight from the State's project manager. ADS' Enterprise Project Management Office (EPMO) has allocated a full-time project manager to the Premium Processing project.

      During this Independent Review, Optum's project manager was not identified or interviewed; however, this did not present any risk to the project due to ADS EPMO's deep involvement with this project.

   B. Training

      Training material beyond what is needed for User Acceptance Testing (UAT) is DVHA's responsibility. The DVHA training team, with support from an ADS business analyst, is responsible for developing training material such as new premium processing workflows, business process diagrams, and job aids. All of the training tasks and resources are identified in the State's project schedule; however, the planned start date, end date, and duration for each task has not been finalized. BerryDunn confirmed with the State's project manager that the

project schedule will be updated design decisions are finalized between the State, Optum, WEX, and the insurance carriers.

C. Testing

Risks that could have an impact on the Premium Processing testing schedule have been identified through this review and are articulated in detail in Attachment 2.

D. Design

Requirements identification and functional design sessions are currently in progress with the State, WEX, and Optum. In order to keep the project on track the project team has created a process for documenting outstanding design questions as well as their resolution. This question and answer log is maintained on the State's project SharePoint site and is visible to those that have appropriate access. Questions that cannot be addressed by the State staff participating in the design sessions are escalated to leadership for resolution.

Risks that could impact the premium processing design or scope are articulated in Attachment 2.

E. Conversion (if applicable)

Data conversion is not in scope for this project, as the data for previous QHP plan years will be maintained in WEX's system.

F. Implementation planning

Technical activities are being managed by Optum and WEX with oversight from the State's project manager and technical lead. Due to multiple dependencies on external systems and other IT projects, Optum is working closely with the State to ensure their activities are aligned with other project teams to ensure the Premium Processing project remains on schedule.

G. Implementation

Risks that could have an impact on the implementation have been identified through this review and are articulated in Attachment 2.

4. Does the State have a resource lined up to be the Project Manager on the project? If so, does this person possess the skills and experience to be successful in this role in your judgement? Please explain.

ADS is providing a full-time project manager to the Premium Processing project. The State project manager was BerryDunn's main point-of-contact during this Independent Review. Through direct observations and project management related documentation review, the State project manager is extremely thorough, organized, and knowledgeable

about the project. BerryDunn believes the State project manager possesses the skills and experience to be successful.

Additional Comments on Implementation Plan:

BerryDunn has no additional comments on the project's implementation plan.

8 Cost Analysis and Model for Benefit Analysis

This section involves four tasks:

1) Perform an independent Cost Benefit Analysis. Information provided by the State may be used, but the reviewer must validate it for accuracy and completeness.

2) Provide a Lifecycle Cost Benefit Analysis spreadsheet as an Attachment 1 to this report. A sample format is provided at the end of this report template..

A. The cost component of the cost/benefit analysis will include all one-time acquisition costs, on-going operational costs (licensing, maintenance, refresh, etc.) plus internal costs of staffing and "other costs". "Other costs" include the cost of personnel or contractors required for this solution, enhancements/upgrades planned for the lifecycle, consumables, costs associated with system interfaces, and any costs of upgrading the current environment to accept the proposed solution

(new facilities, etc.).

B. The benefit side of the cost/benefit will include: 1. Intangible items for which an actual cost cannot be attributed. 2. Tangible savings/benefit such as actual savings in personnel, contractors or operating expense associated with existing methods of accomplishing the work which will be performed by the proposed solution. Tangible benefits also include additional revenue which may result from the proposed solution.

C. The cost benefit analysis will be for the IT activity's lifecycle.

D. The format will be a column spreadsheet with one column for each year in the lifecycle. The rows will contain the itemized costs with totals followed by the itemized benefits with totals.

E. Identify the source of funds (federal, state, one-time vs. ongoing). For example, implementation may be covered by federal dollars but operations will be paid by State funds.

3) Perform an analysis of the IT ABC form (Business Case/Cost Analysis) completed by the Business.

4) Respond to the questions/items listed below.

1. **Analysis Description:** Provide a narrative summary of the cost benefit analysis conducted. Be sure to indicate how the costs were independently validated.

   BerryDunn evaluated the costs provided by the State. Costs were included in the IT-ABC Business Case and Cost Analysis Form, Cost Allocation Tables in the IAPDU, Project Charter, and the Budget Adjustment Log completed by the State. During the on-site interview, the firm reviewed the lifecycle cost sheet and asked questions about the business case. BerryDunn verified the costs provided by the State in its own lifecycle cost sheet and adjusted numbers as appropriate, including costs for professional services, ADS EA and project management, and the Independent Review cost.

   While the Legislature has instructed the State to return responsibility for QHC premium processing to the insurance carriers, there are tangible benefits to the State including reduction in state labor costs, operating costs, and infrastructure costs. There are many intangible benefits, or benefits that can only be speculatively quantified, such as improved customer service, efficiency, reduction of risk to the state, and compliance with state and federal mandates. Those benefits are acknowledged and included in this report.

2. **Assumptions:** List any assumptions made in your analysis.

- The scope of this cost benefit analysis is limited to the premium processing specification order with Optum.

- There is a five-year lifecycle.

- The implementation period is separate from maintenance and support lifecycle for the purposes of cost calculating.

3. **Funding: Provide the funding source(s).** If multiple sources, indicate the percentage of each source for both Acquisition Costs and on-going Operational costs over the duration of the system/service lifecycle.

Acquisition costs will be split between state and federal funds. A combination of federal agencies will cover 85% of implementation costs, including the Centers for Medicare and Medicaid Services (CMS). The state will pay the remaining 15% of implementation costs.

Operational costs will also be split between state and federal funds. Federal funds will cover 75% and state funds will cover 25% of costs following implementation.

4. **Tangible Costs and Benefits:** Provide a list and description of the tangible costs and benefits of this project. Its "tangible" if it has a direct impact on implementation or operating costs (an increase = a tangible cost and a decrease = a tangible benefit). The cost of software licenses is an example of a tangible cost. Projected annual operating cost savings is an example of a tangible benefit.

Tangible Benefits

The premium processing solution will produce several tangible benefits to the State. The State will experience a net decrease in costs that result from a reduction in operating costs, State labor costs, and infrastructure costs. The state has also developed quantifiable performance objects resulting from the solution. These tangible benefits include a reduction of the number of premium cases escalated, reduction in call volume, increased customer satisfaction, reduction in coverage reinstatements, and reduction in staff time spent resolving premium discrepancies.

Tangible Costs

The largest tangible cost of the new system is the professional services needed for its configuration, installation, and implementation spanning FY2019, FY2020, and FY2021 (over $1.1 million). The State would not have to pay this cost if it maintained the current process. Implementation also requires costly project management and other professional services.

5. I**ntangible Costs and Benefits:** Provide a list and descriptions of the intangible costs and benefits. It is "intangible" if it has a positive or negative impact, but is not cost-related.

Examples: Customer Service is expected to improve (intangible benefit) or employee morale is expected to decline (intangible cost).

Intangible Benefits

In addition to numerous tangible benefits, the premium processing solution will result in several intangible benefits. The premium processing solution will improve processing efficiency through service automation. Improved efficiency will lead to improved customer service through improved service quality and faster turnaround times. When staff spend less time on escalated cases, premium calls and resolving premium discrepancies, satisfaction is improved both internally and externally.

In addition to improved efficiency and time saved, the premium processing solution reduces risk to the state by replacing an unstable system, improving security, and implementing a sustainable solution. The premium processing solution also meets a previously unmet State or federal compliance requirement.

6. **Costs vs. Benefits:** Do the benefits of this project (consider both tangible and intangible) outweigh the costs in your opinion? Please elaborate on your response.

   With numerous tangible and intangible benefits, our opinion is that these benefits outweigh the costs.

7. **IT ABC Form Review:** Review the IT ABC form (Business Case/Cost Analysis) created by the Business for this project. Is the information consistent with your Independent Review and analysis? If not, please describe. Is the lifecycle that was used appropriate for the technology being proposed? If not, please explain.

   Since the ABC Form was drafted in May of 2019, solution implementation and maintenance costs have been revised due to the evolution of the project. DVHA and ADS are in the process of making the necessary updates, so the ABC Form reflects more accurate maintenance and operation costs.

   As a result, the information on the ABC Form is not consistent with the analysis of this Independent Review. However, budget adjustments provided by project management are consistent with the analysis of this Independent Review and analysis.

Additional Comments on the Cost Benefit Analysis:

BerryDunn has no additional comments on the cost benefit analysis.

9   Analysis of Alternatives

1. Provide a brief analysis of alternative solutions that were deemed financially unfeasible.

2. Provide a brief analysis of alternative technical solutions that were deemed unsustainable.

3. Provide a brief analysis of alternative technical solutions where the costs for operations and maintenance were unfeasible.

In July 2019, DVHA released a SOW-RFP to the State's pre-qualified IT vendors for the procurement of a working prototype serving as a proof of concept for integrating key systems to facilitate the management and delivery of VHC enrollment transactions to the insurance carriers. DVHA saw the Premium Processing project as an opportunity to make progress toward incrementally replacing legacy systems with modular components, in alignment with the IE&E program strategy for IT system modernization.

Within the SOW-RFP, the State stated there was a preference for the proposed premium processing solution to use open source code with a Mongo database (MongoDB) and GlueDB (an open source system developed by IdeaCrew) as a core backend system to facilitate the management and delivery of enrollment transactions for VHC. IdeaCrew was the only vendor to respond to the SOW-RFP and was awarded the contract, primarily due to their experience with GlueDB and implementing similar solutions for other organizations with health insurance exchange systems.

During prototyping, IdeaCrew and Optum expressed concerns about the technical design approach of using MongoDB/GlueDB. The following key technical issues were recognized by the State:

- GlueDB was only compatible with an outdated version of Ruby, an open source programming language used for the development of GlueDB.

- New components would need to be added to VHC to translate data coming from VHC's SOA into a new event-driven format to work with MongoDB/GlueDB

As a way to mitigate risk to the project scope, schedule, and budget, the State asked Optum to provide an approach for making changes to the current VHC system that would satisfy the project's goals within the required timeline. Optum's proposal resulted in the approved specification order under the current M&O contract.

BerryDunn notes that the aggressive timeline for meeting the Vermont Legislative direction to transition QHP premium processing to the insurance carriers for open enrollment 2021 may not have allowed the State to dedicate the time and resources required to do a comprehensive analysis of alternatives. However, the specificity with preferred components for the technical solution articulated in the SOW-RFP may have precluded other viable solutions to be proposed and analyzed for financial feasibility, technical sustainability, and operational feasibility.

See Section 5: Acquisition Cost Assessment for BerryDunn's market research results of the solution comparison analysis.

10 Impact Analysis on Net Operating Costs

1.) Perform a lifecycle cost impact analysis on net operating costs for the agency carrying out the activity, minimally

including the following:

a) Estimated future-state ongoing annual operating costs, and estimated lifecycle operating costs. Consider also if the project will yield additional revenue generation that may offset any increase in operating costs.

b) Current-state annual operating costs; assess total current costs over span of new IT activity lifecycle

c) Provide a breakdown of funding sources (federal, state, one-time vs. ongoing)

2.) Create a table to illustrate the net operating cost impact.

3.) Respond to the items below.

1. Insert a table to illustrate the Net Operating Cost Impact.

Table 10-1: Lifecycle Costs (in Fiscal Years [FY])

Impact on Operating Costs	FY2022	FY2023	FY2023	FY2024	FY2025	5-Year Totals
Vendor Costs						
Current Costs	$832,010.88	$832,010.88	$832,010.88	$832,010.88	$832,010.88	**$4,160,054.40**
Projected Costs	$0.00	$0.00	$0.00	$0.00	$0.00	**$0**
State Labor						
Current Costs	$314,600.00	$314,600.00	$314,600.00	$314,600.00	$314,600.00	**$1,573,000.00**
Projected Costs	$366,080.00	$366,080.00	$366,080.00	$366,080.00	$366,080.00	**$1,830,400.00**
Baseline Annual Current Cost	$1,146,610.88	$1,146,610.88	$1,146,610.88	$1,146,610.88	$1,146,610.88	**$5,733,054.40**
Baseline Annual Projected Costs	$366,080.00	$366,080.00	$366,080.00	$366,080.00	$366,080.00	**$1,830,400.00**
Cumulative Current Costs	$1,146,610.88	$2,293,221.76	$3,439,832.64	$4,586,443.52	$5,733,054.40	**$5,733,054.40**
Cumulative Projected Costs	$366,080.00	$732,160.00	$1,098,240.00	$1,464,320.00	$1,830,400.00	**$1,830,400.00**
Net Impact on Vendor Costs	$832,010.88	$832,010.88	$832,010.88	$832,010.88	$832,010.88	**$4,160,054.40**
Net Impact on State Labor	($51,480.00)	($51,480.00)	($51,480.00)	($51,480.00)	($51,480.00)	**($257,400.00)**
Net Impact on Operating Costs:	$780,530.88	$780,530.88	$780,530.88	$780,530.88	$780,530.88	**$3,902,654.40**

2. Provide a narrative summary of the analysis conducted and include a list of any assumptions.

   For the purpose of impact analysis of net operating costs, BerryDunn applied the following assumptions:

   - Financial analysis provided by DVHA and ADS is accurate as provided during this Independent Review.

3. Explain any net operating increases that will be covered by federal funding. Will this funding cover the entire lifecycle? If not, please provide the breakouts by year.

   As discussed in Section 8, the net operating expense increases will be partially covered by federal funding. For acquisition costs, federal partners will pay 85% and the State will pay 15%. For maintenance costs over the lifecycle of the solution, federal partners will pay 75% and the State will pay 25%.

4. What is the break-even point for this IT Activity (considering implementation and on-going operating costs)?

   Over a five-year period, the cumulative current costs would be $6,879,655.28, whereas the cumulative projected costs with the new solution will be $3,866,900.31. The five-year difference in costs results in substantial costs savings for the State.

11 Security Assessment

BerryDunn worked with ADS-Security Division to obtain security information, for both the VHC system and the insurance carriers' systems, available at the time of this Independent Review.

1. Will the new system have its own information security controls, rely on the State's controls, or incorporate both?

    The VHC system is not a new solution and the system uses MARS-E controls in compliance with federal requirements. The security controls are a combined responsibility of Optum and the State.

2. What method does the system use for data classification?

    The VHC system classifies data as Affordable Care Act (ACA) personally identifiable information (PII) and federal tax information (FTI).

3. What is the vendor's breach notification and incident response process?

    Optum is required to follow the breach notification and incident response process outlined Exhibit 3: Security Policies, Attachment D: Other Terms and Conditions, and Attachment E: Business Associate Agreement in the VHC M&O contract.

    NuHarbor is in the process of evaluating the insurance carriers' incident response procedures and the results will be included in the security assessment report provided to ADS. The breach notification process for the insurance carriers will part of the ISA and agreement/contract that each insurance carrier will have with the State.

4. Does the vendor have a risk management program that specifically addresses information security risks?

    Optum and the State will use the exiting risk management processes in place for current VHC operations.

    NuHarbor is in the process of evaluating the insurance carriers' risk management program and the results will be included in the security assessment report provided to ADS.

5. What encryption controls/technologies does the system use to protect data at rest and in transit?

    Federal Information Processing Standard (FIPS) 140-2 encryption methods are used at rest and in transit.

6. What format does the vendor use for continuous vulnerability management, what process is used for remediation, and how do they report vulnerabilities to customers?

    Optum will use the current vulnerability management processes in place for current VHC operations.

NuHarbor is in the process of assessing the insurance carriers' vulnerability scanning and remediation, flaw remediation/patching, and risk management processes. These results will be included in the security assessment report provided to ADS.

7. How does the vendor determine their compliance model and how is their compliance assessed?

The security assessment being performed by NuHarbor is based on National Institute of Standards and Technology (NIST) and Security & Privacy best practices. The assessment includes questions about critical controls that are needed to assess a vendor's overall risk level. The assessment also includes Payment Care Industry (PCI) related questions for VHC; however, the responses to the PCI questions are more for informational purposes.

NuHarbor's final security assessment report for each insurance carrier will include how their compliance is assessed.

Additional Comments on the Security Assessment:

During on-site interviews, BerryDunn confirmed with ADS that NuHarbor has not identified any issues with the components of the security assessments that have been completed to date. According to the Premium Processing project plan, the final report will be delivered to ADS by March 4, 2020.

12 Risk Assessment and Risk Register

Perform an independent risk assessment and complete a Risk Register. The assessment process will include performing the following activities:

A. Ask the independent review participants to provide a list of the risks that they have identified and their strategies for addressing those risks.

B. Independently validate the risk information provided by the State and/or vendor and assess their risk strategies.

C. Identify any additional risks.

D. Ask the Business to respond to your identified risks, as well as provide strategies to address them.

E. Assess the risks strategies provided by the Business for the additional risks you identified.

F. Document all this information in a Risk Register and label it Attachment 2. The Risk Register should include the following:

☐ Source of Risk: Project, Proposed Solution, Vendor or Other

☐ Risk Description: Provide a description of what the risk entails

☐ Risk ratings to indicate: Likelihood and probability of risk occurrence; Impact should risk occur; and Overall risk rating (high, medium or low priority)

☐ State's Planned Risk Strategy: Avoid, Mitigate, Transfer or Accept

☐ State's Planned Risk Response: Describe what the State plans to do (if anything) to address the risk

☐ Timing of Risk Response: Describe the planned timing for carrying out the risk response (e.g. prior to the start of the project, during the Planning Phase, prior to implementation, etc.)

1. Reviewer's Assessment of State's Planned Response: Indicate if the planned response is adequate/appropriate in your judgment and if not what would you recommend.

Additional Comments on Risks:

The risks identified during this Independent Review can be found in the Risk Register in Section 14 of this report.

13 Attachment 1 – Lifecycle Cost-Benefit Analysis

Table 11.1: Lifecycle Cost Analysis

Description	Initial Implementation	Initial Implementation	Initial Implementation	Maintenance	Maintenance	Maintenance	Maintenance	
Fiscal Year	FY 2019	FY 2020	FY 2021	FY2021	FY 2022	FY 2023	FY2024	Total
Configuration/ Installation/Implementation								
	$62,647.72	$751,772.67	$313,238.61	$0.00	$0.00	$0.00	$0.00	**$1,127,659.00**
Contracted Services for Project Management								
	$43,673.22	$524,078.67	$218,366.11	$0.00	$0.00	$0.00	$0.00	**$786,118.00**
Other Professional Services for Implementation (Security Services NuHarbor)								
	$9,444.44	$113,333.33	$47,222.22	$0.00	$0.00	$0.00	$0.00	**$170,000.00**
State Labor								
	$52,611.11	$631,333.33	$263,055.56	$183,040.00	$366,080.00	$366,080.00	$366,080.00	**$2,228,280.00**

Description	Initial Implementation	Initial Implementation	Initial Implementation	Maintenance	Maintenance	Maintenance	Maintenance	
Fiscal Year	FY 2019	FY 2020	FY 2021	FY2021	FY 2022	FY 2023	FY2024	Total
Totals								
Sub-Total	**$168,376.50**	**$2,020,518.00**	**$841,882.50**	**$183,040.00**	**$366,080.00**	**$366,080.00**	**$366,080.00**	**$4,312,057.00**
Add 3% ADS Estimated Charge for EA and Project Oversight	$5,051.30	$60,615.54	$25,256.48	$ -	$ -	$ -	$ -	$ -
Revised Sub-Total (Implementation Costs with ADS estimated costs)	**$173,427.80**	**$2,081,133.54**	**$867,138.98**	**$183,040.00**	**$366,080.00**	**$366,080.00**	**$366,080.00**	**$3,121,700.31**
Add Independent Review	$ -	$22,000.00	$ -	$ -	$ -	$ -	$ -	$ -
Final Total		**$3,143,700.31**						
Total Implementation Costs to be paid with State Funds		**$471,555.05**						
Total Lifecycle Operating				$45,760.00	$91,520.00	$91,520.00	$91,520.00	$320,320.00

Description	Initial Implementation	Initial Implementation	Initial Implementation	Maintenance	Maintenance	Maintenance	Maintenance	
Fiscal Year	FY 2019	FY 2020	FY 2021	FY2021	FY 2022	FY 2023	FY2024	Total
Costs to be paid with State Funds								
Total Lifecycle Costs to be paid with State funds	$471,555.05	$45,760.00	$91,520.00	$91,520.00	$91,520.00	$791,875.05	$471,555.05	$45,760.00

14 Attachment 2 – Risk Register

Data Element	Description
Risk #	Sequential number assigned to each risk to be used when referring to the risk.
Risk Probability, Impact, Overall Rating	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. Assigned values are high, medium, or low.
Source of Risk	Source of the risk, which may be the Project, Proposed Solution, Vendor, or Other.
Risk Description	Brief narrative description of the identified risk.
State's Planned Risk Strategy	Strategy the State plans to take to address the risk. Assigned values are Avoid, Mitigate, Transfer, or Accept.
State's Planned Risk Response	Risk response the State plans to adopt based on discussions between State staff and BerryDunn reviewers.
Timing of Risk Response	Planned timing for carrying out the risk response, which may be Prior to Contract Execution or Subsequent to Contract Execution.
Reviewer's Assessment of State's Planned Response	Indication of whether BerryDunn reviewers feel the planned response is adequate and appropriate, and recommendations if not.

Risk #: 1	Risk Likelihood/Probability: High	Risk Impact: High	Overall Risk Rating: High
Source of Risk: BerryDunn, Project			
Risk Description: There is risk to the project scope, schedule, and budget due to the lack of a financial management solution for managing VPA, VCSR, and payment transactions (820). WEX currently performs all processes for managing VPA, VCSR, and 820 integration with the insurance carriers for QHPs. WEX will not be responsible for these processes for 2021 QHPs and the State has not identified a solution for managing these processes post September 1, 2020. Without a financial management solution, the DVHA will not be able to effectively manage the financial data required to verify and reconcile premium subsidy and tax credit funds with the insurance carriers and meet the federal reporting requirements. The lack of a financial management solution creates risk to the scope, schedule, and budget for the Premium Processing project.			
State's Planned Risk Strategy: Mitigate			
State's Planned Risk Response: The State is currently assessing two options to handle the financial management solution for Premium Processing. Both options are technically feasible. The State is currently in the process of completing a cost benefit analysis and solution analysis. Both options will be			

Risk #:	Risk Likelihood/Probability:	Risk Impact:	Overall Risk Rating:
1	**High**	**High**	**High**

presented to the State on February 11, 2020 and the State plans to make a decision by February 14, 2020. Whichever financial management solution is decided on, the required date it is production ready is after the Premium Process go-live date of August 31, 2020. Based on the option it will be determined if it is required by mid-October or mid-December 2020.

Timing of Risk Response:

Proposals Due: February 11, 2020

Internal State Deliberation: February 12, 2020

State Decision: February 14, 2020

Reviewer's Assessment of State's Planned Response: Generally, the State's response is acceptable; however, it is unclear at this time if the DDI for the financial management solution will be executed as a change to the current Premium Processing project or if a new project will be initiated.

As stated in Section 2.2 – Out-of-Scope, BerryDunn assumes it will be a subsequent project; however, the risk is included in this Independent Review because the State needs financial management capabilities to meet State and federal premium processing requirements.

Risk #:	Risk Likelihood/Probability:	Risk Impact:	Overall Risk Rating:
2	**High**	**High**	**High**

Source of Risk: BerryDunn, Project

Risk Description: There is risk to the project schedule due to State and vendor technical resource limitations.

Resource constraints include:

- Technical Lead, Grant Steffens
- IE&E Program Technical Lead, Jim Willard
- Optum technical resources

Grant Steffens was named the Technical Lead for the Premium Processing project due to Nathan Brown being assigned to another Competitive Computing (C2) client. Both Grant Steffens and Jim Willard have limited bandwidth to dedicate to the project. Limited allocation for these two key roles could result in unavailability to complete work, provide critical information, and assist in making key technical decisions.

Optum technical resources are currently providing day-to-day M&O for VHC and working on several IE&E Projects, such as OFE and the BI project. Due to competing priorities, Optum may not have the available technical resources to support the Premium Processing project.

Limited resource dedication to the Premium Processing project could result in schedule delays.

State's Planned Risk Strategy: Accept

State's Planned Risk Response: ADS – AHS IT has been working to revise the DVHA IT resource structure to better support DVHA and IE&E moving forward, which is currently being finalized.

Risk #:	Risk Likelihood/Probability:	Risk Impact:	Overall Risk Rating:
2	**High**	**High**	**High**

Nathan Brown (C2) was also replaced by another C2 technical resource, Ian Scott, to continue to assist the Premium Processing project technical work. Transition of knowledge and onboarding is in progress occurring from late January 2020 to early February 2020.

After reporting functionality in OFE and the OFE project completes, resource constraints for this project should be alleviated. As those are prerequisites for Premium Processing to go-live, it makes sense those work streams are prioritized.

Timing of Risk Response: Finalization of ADS – AHS IT organization changes: February 5, 2020

See Risk #3 timeline for OFE and OBIEE in OFE project timelines, after which resource allocation concerns for this project will be alleviated.

Reviewer's Assessment of State's Planned Response: The State's response is acceptable as long as DVHA and ADS leadership commit to revising and finalizing technical resource allocations to meet the IE&E projects needs within the necessary timeline (see Timing of Risk Response above).

Risk #:	Risk Likelihood/Probability:	Risk Impact:	Overall Risk Rating:
3	**Medium**	**High**	**High**

Source of Risk: BerryDunn, Project

Risk Description: There is risk to the project scope and schedule due to dependencies on the completion of two active projects, the Optum FISM OFE and OBIEE reporting functionality.

The OFE project is a dependency to the Premium Processing project due to the Oracle component versions in the VHC system. In order for the OFE project to go live, it requires operational, federal, and reconciliation reporting functionality through business intelligence (BI) within OBIEE by April 15, 2020. Optum is responsible for delivering OFE and Archtype is responsible for implementing the necessary reporting functionality within OBIEE in OFE (i.e., reporting functionality).

Any delays in the delivery of OFE and reporting functionality will impact the Premium Processing project scope and schedule.

State's Planned Risk Strategy: Accept

State's Planned Risk Response: Current timeline identified in Timing of Risk Response below for OBIEE in OFE (reporting functionality) and OFE projects. The State of Vermont is closely monitoring both projects with multiple recurring status meetings. The majority of OFE project validations are completed and delays in the timeline so far have been due to reporting functionality delivery.

All development and testing work related to the Premium Processing project is being done in OFE environments and set aside for the Premium Processing project. Additional complexities related to release management and code synchronization of those environments has been identified with plans to mitigate.

There is approximately one month of contingency built in for the OBIEE in OFE (reporting functionality) and OFE project. Provided reporting functionalities are delivered by May 15, 2020, there should not be impact on the Premium Processing project from a system perspective based on discussions with Premium Processing project team.

Risk #:	Risk Likelihood/Probability:	Risk Impact:	Overall Risk Rating:
3	Medium	High	High

Timing of Risk Response: Current timeline for OBIEE in OFE (reporting functionality) and the OFE project is below.

March 9, 2020 – April 20, 2020: OFE UAT final regression

April 15, 2020: Archetype/State validations completed for OBIEE in OFE functionality

April 20, 2020 – April 24, 2020: OFE code freeze

April 24, 2020 – May 1, 2020: DEV4/DEV5/TST cutover

May 1, 2020 – May 10, 2020: STG/TRN Cutover (end date dependent on User Verification Testing [UVT] plan)

May 8, 2020 – May 18, 2020: PRD/DR/ServiceNow Cutover (end date dependent on UVT plan)

Reviewer's Assessment of State's Planned Response: As long as the State commits to continue closely monitoring the progress of the OBIEE in OFE (reporting functionality) and OFE projects, the response above is acceptable.

Risk #:	Risk Likelihood/Probability:	Risk Impact:	Overall Risk Rating:
4	Medium	High	High

Source of Risk: BerryDunn

Risk Description: There is risk to the project schedule due to the dependencies on system development and operational readiness of the insurance carriers.

The State has been meeting with the insurance carrier on a regular basis to share updates on the progress of the transition from WEX to the carriers for QHP premium processing.

The State has recently received the insurance carriers' plans for system readiness for testing and implementation.

- Blue Cross Blue Shield of Vermont plans to have their systems ready for basic testing in May, with full integration testing in July.
- MVP Health Care plans to have their systems ready for full integration testing by end of March.
- Northeast Delta Dental plans to have their systems ready for full integration testing by the end of April.

Any gaps or schedule slippage on the insurance carriers' overall implementation plans will have an impact on the State's plan for testing and implementation, in turn creating risk to the Premium Processing project schedule.

State's Planned Risk Strategy: Accept

State's Planned Risk Response: The State is attempting to work with insurance carriers to complete their 2021 plan management earlier than previous years. This will allow the Green Mountain Care Board time to review and make a decision on premium increases for plan year 2021. Thus, providing the Premium Processing project with an additional 1-2 weeks of UAT. Additionally, insurance carriers will be ready to test prior to July 2020; however. it may not be full end-to-end UAT. Connectivity and

Risk #:	Risk Likelihood/Probability:	Risk Impact:	Overall Risk Rating:
4	**Medium**	**High**	**High**

basic integration testing scenarios can be completed before insurance carriers are ready for end-to-end testing. Full end-to-end UAT is approximately scheduled for July 15, 2020 – August 31, 2020.
Timing of Risk Response: The State, Optum, and insurance carriers will develop test scenarios that can be completed in the May/June timeframe prior to end-to-end testing, which will begin in July.
Reviewer's Assessment of State's Planned Response: The Premium Processing project team is working with DVHA's open enrollment operational readiness team to ensure DVHA staff, Maximus call center, insurance carriers, and QHP customers are fully prepared for the operational changes that will occur when premium processing is transitioned for the insurance carriers. While the coordination between the two teams is not explicitly noted in the State's response (in regards to the operational readiness aspect of the risk) through BerryDunn's review of the State's project plan and on-site interviews with the State's project management team, the State's response above is acceptable.

Risk #:	Risk Likelihood/Probability:	Risk Impact:	Overall Risk Rating:
5	**Medium**	**Medium**	**Medium**

Source of Risk: BerryDunn, Project
Risk Description: The lack of approved QHP premium rates presents risk to the project schedule. In order to fully test code for the Premium Processing project, the project team will need premium rates. The Green Mountain Care Board does not decide premium rates until the end of August, which prevents validation for 2021 premiums and renewal scenarios. Waiting to start any testing (e.g., systems integration testing [SIT], user acceptance testing [UAT]) until after the rates are finalized presents a risk to the project schedule, or insufficient testing.
State's Planned Risk Strategy: Accept
State's Planned Risk Response: The State is attempting to work with insurance carriers to complete their 2021 Plan Management earlier than previous years. This will allow the Green Mountain Care Board time to review and make a decision on premium increases for plan year 2021. This should provide the Premium Processing project with an additional 1-2 weeks of UAT. Note full end-to-end UAT is approximately scheduled for July 15, 2020 – August 31, 2020.
Timing of Risk Response: The Green Mountain Care Board has already committed to completing their review and making a decision on Premium increases 1-2 weeks sooner than previous years. The State is meeting with insurance carriers the week of February 3, 2020 to determine feasibility of completing plan reviews ahead of schedule.
Reviewer's Assessment of State's Planned Response: BerryDunn understands that this is a reoccurring risk every year private health insurance rates change, so this is not a new risk specific to the Premium Processing project. As such, the State's response is acceptable.

15 Attachment 3 – Detailed Project Plan

Figure 1, below, is a snapshot of the State's project schedule as provided to BerryDunn on January 13, 2020.

Figure 1: Premium Processing Project Schedule

Mi	WBS	Task Name	Duration	Start	Finish	Predecessors	% Complete	Resource Names
No	1	⊿ Premium Processing (PremP)	462 days?	Mon 2/4/19	Mon 11/30/20		25%	
No	1.1	⊿ Initiation Phase	128 days	Mon 4/15/19	Thu 10/10/19		100%	
No	1.1.1	▷ Project Kick-Off	4 days	Thu 6/20/19	Tue 6/25/19		100%	
No	1.1.2	▷ User Research	107 days	Mon 4/15/19	Wed 9/11/19		100%	
No	1.1.3	▷ Initiation Retro	28.94 days	Fri 8/30/19	Thu 10/10/19		100%	
No	1.2	⊿ Planning Phase	353 days	Mon 4/15/19	Fri 9/4/20		100%	
No	1.2.1	▷ Procurement (SOW-RFP Module One)	142.94 days	Mon 4/15/19	Thu 10/31/19		100%	
No	1.2.2	▷ Procurement (SOW-RFQ Integration Platform)	67 days	Mon 7/29/19	Wed 10/30/19		100%	
No	1.2.3	▷ Optum Specification Order	119 days	Sat 5/25/19	Fri 11/8/19		100%	
No	1.2.4	▷ OCM Activities	79.94 days	Tue 7/2/19	Tue 10/22/19		100%	
No	1.2.5	▷ BA Activities	306 days	Mon 7/1/19	Fri 9/4/20		100%	
No	1.3	⊿ Execution Phase	440 days?	Mon 2/4/19	Wed 10/28/20		19%	
No	1.3.1	▷ Vendor Onboarding (IdeaCrew)	70.94 days	Tue 7/9/19	Wed 10/16/19		100%	Chelsea Carriveau
No	1.3.2	▷ BA - Product Org Chart	16 days	Mon 10/28/19	Wed 11/20/19		100%	Tami Findeisen
No	1.3.3	▷ Optum Specification Order (CR-046)	23 days	Mon 11/4/19	Tue 12/10/19		100%	Dan Fay
No	1.3.4	▷ Optum Onboarding & Kick-Off	15.06 days	Tue 11/19/19	Thu 12/12/19		100%	Chelsea Carriveau
No	1.3.5	▷ Customer Experience Survey	89.94 days	Wed 8/7/19	Mon 12/16/19		100%	Molly Waldstein
No	1.3.6	▷ Execution Retro 1 - Shift in Technical Direction	11.06 days	Wed 12/4/19	Thu 12/19/19		100%	Patrick Farrell
No	1.3.7	▷ OCM - Group & Sponsor Coalition Analysis	46 days	Mon 10/21/19	Fri 12/27/19		100%	Patrick Farrell
No	1.3.8	▷ WEX Health Contract Amendment	73.94 days	Fri 9/13/19	Tue 12/31/19		100%	Tim Harvey
No	1.3.9	▷ Independent Review (IR)	60.94 days	Mon 11/25/19	Tue 2/25/20		46%	Rick Steventon
No	1.3.10	▷ User Research Heat Map	104 days	Tue 9/24/19	Wed 2/26/20		89%	Tami Findeisen,Molly Waldstein
No	1.3.11	▷ Security Activities	119 days	Tue 12/10/19	Mon 6/1/20		1%	Emily Wivell
No	1.3.12	▷ Alterations to VHC	162.06 days	Mon 12/30/19	Fri 8/21/20		1%	Dan Fay
Yes	1.3.13	PremP Technical Solution Go-Live	0 days	Mon 8/31/20	Mon 8/31/20		0%	Dan Fay
No	1.3.14	▷ Policy - Regulatory Work plan	427 days	Mon 2/4/19	Fri 10/9/20		37%	Addie Strumolo
No	1.3.15	▷ CMS Certification Deliverables	191 days	Tue 1/28/20	Wed 10/28/20		0%	Matt Baker
No	1.3.16	▷ User Acceptance Testing	231 days	Fri 9/6/19	Fri 8/7/20		71%	Renee Taylor
No	1.3.17	▷ Operations Readiness	288.94 days?	Thu 8/15/19	Fri 10/9/20		0%	Dan Fay
No	1.3.18	▷ Vendor Deliverables	14 days	Tue 9/1/20	Mon 9/21/20		0%	Dan Fay
No	1.3.19	▷ Final Release Plan	31.06 days	Wed 7/1/20	Fri 8/14/20		0%	Dan Fay
No	1.3.20	▷ Go/No-Go	1 day?	Thu 8/15/19	Thu 8/15/19		0%	Dan Fay
No	1.3.21	▷ Request M&O Finance Code	5 days	Thu 10/1/20	Wed 10/7/20		0%	Chelsea Carriveau
No	1.3.22	▷ Execution Retro 2	22 days	Wed 4/1/20	Fri 5/1/20		0%	Patrick Farrell
No	1.3.23	▷ Execution Retro 3	19 days	Fri 7/31/20	Fri 8/28/20		0%	Patrick Farrell
Yes	1.4	Product Launch	0 days	Sun 11/1/20	Sun 11/1/20		0%	Dan Fay
No	1.5	⊿ User Verification Testing (UVT)	15 days	Thu 1/2/20	Thu 1/23/20		0%	Dan Fay
No	1.5.1	Execute UVT	15 days	Thu 1/2/20	Thu 1/23/20		0%	
No	1.6	⊿ Closing Phase	42 days	Thu 10/1/20	Mon 11/30/20		0%	
No	1.6.1	▷ Hand-off to M&O	18 days	Thu 10/1/20	Mon 10/26/20		0%	Dan Fay,Chelsea Carriveau
No	1.6.2	▷ Closing Retro	22 days	Mon 10/5/20	Mon 11/2/20		0%	Patrick Farrell